

SENATE, No. 991

STATE OF NEW JERSEY

INTRODUCED MARCH 21, 1996

By Senators CAFIERO and CARDINALE

1 AN ACT concerning public adjusters and amending and supplementing
2 P.L.1993, c.66.

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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

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7 1. Section 13 of P.L.1993, c.66 (C.17:22B-13) is amended to read
8 as follows:

9 13. No individual, firm, association or corporation licensed under
10 this act shall:

11 a. solicit an insured to enter into any agreement, oral or written,
12 [with an insured] to negotiate or settle claims for loss or damage
13 occurring in this State between the hours of six p.m. and eight a.m.
14 during the 24 hours after the loss has occurred;

15 b. have any right to compensation from any insured for or on
16 account of services rendered to an insured as a public adjuster unless
17 the right to compensation is based upon a written memorandum,
18 signed by the party to be charged and by the adjuster, and specifying
19 or clearly defining the services to be rendered and the amount or
20 extent of the compensation on a form and with such language as the
21 commissioner may prescribe;

22 c. induce cancellation of a duly executed written memorandum
23 between an insured and a public adjuster;

24 d. make any material misrepresentation of facts or advise any
25 person on questions of law in connection with the transaction of
26 business as an adjuster; or

27 e. receive, accept or hold any moneys towards the settlement of a
28 claim for loss or damage on behalf of an insured unless the public
29 adjuster deposits the moneys in an interest bearing escrow account in
30 a banking institution or savings and loan association in this State
31 insured by an agency of the federal government. Any funds held in
32 escrow together with interest accumulated thereon shall be the
33 property of the insured until disbursement thereof pursuant to a
34 written memorandum, signed by the insured and by the adjuster,

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 specifying or clearly defining the services rendered and the amount of
2 any compensation to be paid therefrom. In the event of the insolvency
3 or bankruptcy of a public adjuster, the claim of an insured for any
4 settlement moneys received, accepted or held by the adjuster shall
5 constitute a statutory trust.

6 (cf: P.L.1993, c.66, s.13)

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8 2. (New section) It shall be a violation of P.L.1993, c.66
9 (C.17:22B-1 et seq.) for a person who holds himself out or acts as a
10 public adjuster and does not hold a valid license as a public adjuster
11 pursuant to P.L.1993, c.66 (C.17:22B-1 et seq.), an insurance
12 producer licensed pursuant to P.L.1987, c.293 (C.17:22A-1 et seq.)
13 or an insurance company to induce cancellation of a duly executed
14 written memorandum between an insured and a public adjuster.

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16 3. This act shall take effect immediately.

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STATEMENT

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21 This bill amends and supplements the "Public Adjusters' Licensing
22 Act," P.L.1993, c.66 (C.17:22B-1 et seq.), with respect to certain
23 prohibited acts and practices. It requires that a misrepresentation of
24 fact by a public adjuster must be material for the misrepresentation to
25 be considered a violation of the act. Current law prohibits a public
26 adjuster from entering into an agreement with an insured to negotiate
27 or settle claims between the hours of six p.m. and eight a.m. during the
28 24 hours after the loss has occurred. This bill changes that prohibition
29 so that it only applies to the soliciting of an agreement by a public
30 adjuster during those times. Additionally, the bill makes it a violation
31 of the act for a person acting as a public adjuster who is not so
32 licensed, a licensed insurance producer or an insurance company to
33 induce cancellation of a duly executed written memorandum between
34 an insured and a public adjuster.

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39 Clarifies certain violations under the "Public Adjusters' Licensing Act."