Adopted by the Producer Licensing (D) Task Force, Oct. 7, 2026

Chapter 18

Insurance Claim Adjusters

An adjuster is a person who investigates, negotiates, or settles insurance claims. Adjusters determine coverage or benefits available under a contract of insurance. Most licensing jurisdictions issue an adjuster "license type" with a line of authority (LOA). Some jurisdictions issue adjuster license types by categories, without an LOA.

There are two basic kinds of adjusters: public adjusters who represent the insured, and adjusters who represent the insurer. As of the 2025 update to this chapter, XX jurisdictions require licensure of public adjusters, XX jurisdictions require licensure of independent adjusters, and of those XX also require licensure of company/staff adjusters. XX jurisdictions do not require any type of adjuster license. XX jurisdictions are not reciprocal.

Public Adjusters

Public adjusters directly contract with the person who is seeking coverage or benefits under an insurance policy. The role of a public adjuster is to represent an insured in the settlement of a claim. The NAIC has adopted the Public Adjuster Licensing Model Act (#228).

Under Model #228, a public adjuster is defined as follows:

> "Public adjuster" means any person who, for compensation or any other thing of value on behalf of the insured:
>
> (1) Acts or aids, solely in relation to first party claims arising under insurance contracts that insure the real or personal property of the insured, on behalf of an insured in negotiating for, or effecting the settlement of, a claim for loss or damage covered by an insurance contract;
>
> (2) Advertises for employment as a public adjuster of insurance claims or solicits business or represents himself or herself to the public as an public adjuster of first party insurance claims for losses or damages arising out of policies of insurance that insure real or personal property; or
>
> (3) Directly or indirectly solicits business, investigates or adjusts losses, or advises an insured about first party claims for losses or damages arising out of policies of insurance that insure real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

Under Model #228, a public adjuster license is not required of the following:

(1) An attorney-at-law admitted to practice in this state, when acting in his or her professional capacity as an attorney;

(2) A person who negotiates or settles claims arising under a life or health insurance policy or an annuity contract;

(3) A person employed only for the purpose of obtaining facts surrounding a loss or furnishing technical assistance to a licensed public adjuster, including photographers, estimators, private investigators, engineers and handwriting experts;

(4) A licensed health care provider, or employee of a licensed health care provider, who prepares or files a health claim form on behalf of a patient; or

(5) A person who settles subrogation claims between insurers.

Independent Adjusters

Independent adjusters are contracted to perform adjusting services and may work for multiple insurers. Independent

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adjusters work on behalf of insurers to determine if coverage or benefits are available under an insurance policy in the settlement of a claim. The NAIC has adopted the *Independent Adjuster Licensing Guideline (#1224)* ("Guideline #1224").

Under Guideline #1224, an independent adjuster is defined as follows:

"Independent adjuster" means a person who:

(1) Is an individual, a business entity, an independent contractor, or an employee of a contractor, who contracts for compensation with insurers or self-insurers;

(2) One whom the insurer's or self-insurer's tax treatment of the individual is consistent with that of an independent contractor rather than as an employee, as defined in the Internal Revenue Code, United States Code, Title 26, Subtitle C; and

(3) Investigates, negotiates or settles property, casualty or workers' compensation claims for insurers or for self-insurers.

Guideline #1224 identifies situations where a person may be exempt from licensure. Most jurisdictions have adopted some or all of the following:

The definition of independent adjuster shall not be deemed to include, and a license as an independent adjuster shall not be required of the following:

A. Attorneys-at-law admitted to practice in this state, when acting in their professional capacity as an attorney;

B. A person employed solely to obtain facts surrounding a claim or to furnish technical assistance to a licensed independent adjuster;

C. An individual who is employed to investigate suspected fraudulent insurance claims but who does not adjust losses or determine claims payments;

D. A person who solely performs executive, administrative, managerial or clerical duties or any combination thereof and who does not investigate, negotiate or settle claims with policyholders, claimants or their legal representative;

E. A licensed health care provider or its employee who provides managed care services so longs as the services do not include the determination of compensability;

F. A managed care organization or any of its employees or an employee of any organization providing managed care services so long as the services do not include the determination of compensability;

G. A person who settles only reinsurance or subrogation claims;

H. An officer, director, manager or employee of an authorized insurer, surplus lines insurer, a risk retention group, or an attorney-in-fact of a reciprocal insurer;

I. A U.S. Manager of the United States branch of an alien insurer;

J. A person who investigates, negotiates or settles life, accident and health, annuity, or disability insurance claims;

K. An individual employee, under a self-insured arrangement, who adjust claims on behalf of their employer;

L. A licensed insurance producer, attorney-in-fact of a reciprocal insurer or managing general agent of the insurer to whom claim authority has been granted by the insurer;

M. A person authorized to adjust workers' compensation or disability claims under the authority of a third party administrator (TPA) license pursuant to [insert applicable licensing statute].

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Company or Staff Adjusters

While there is no definition of "company adjuster" or "staff adjuster" in either Model #228 or Guideline #1224, it should be noted that Black's Law Dictionary defines "employee" as "someone who works in the service of another person (the employer) under an express or implied contract of hire under which the employer has the right to control the details of work performance". *Black's Law Dictionary, Second Pocket Edition 2001

Instead of an insurer contracting with an independent adjuster to act on their behalf to settle claims, an alternative approach to claim handling is to directly employ adjusters. Such adjusters are commonly referred to as "company" or "staff" adjusters.

To assist with understanding the difference between an independent adjuster and a company/staff adjuster, it should be noted that the role of insurance producer has similar characteristics. Insurers generally either contract with independent insurance producers to act as an agent on their behalf, or they directly employ individuals as direct writers or captive insurance producers to act on behalf of their employer.

As in the case with insurance producers, the related actions of both independent and company/staff adjusters are the responsibility of the insurer who has authorized those adjusters to investigate, negotiate, or settle an insurance claim. Such activity is generally monitored under each jurisdiction's consumer protection and market conduct authority.

Qualifications of an Adjuster

Similar to insurance producers under the Producer Licensing Model Act #218 ("PLMA"), Public Adjuster Licensing Model Act #228 and Independent Adjuster Guideline #1224 licensing jurisdictions will assess the qualifications of adjuster applicants. Typically, one or more of the following requirements are in place:

1. Specialized or related education prior to licensure; i.e., prelicensing coursework.
2. A specified amount of experience that is relevant to the kind of adjusting work the applicant will be doing; i.e., property/casualty (P/C), workers' compensation.
3. A license examination.
4. Relevant professional designation such as the Chartered Property Casualty Underwriter (CPCU) or Associate in Claims (AIC).
5. Prior or concurrent similar licensure in another jurisdiction.

When a jurisdiction implements adjuster licensing for the first time, it is common practice to waive the initial exam for a prescribed limited amount of time for applicants with appropriate credentials and experience. This accommodation is to facilitate the swift licensure of individuals who now need to comply with a new licensing requirement.

Fitness and Character Considerations

(1) Like insurance producers, many jurisdictions evaluate an adjuster applicant's fitness, character and trustworthiness by considering criminal history, administrative actions, and civil judgments that may shed light on an applicant's character or fiscal integrity.

(2) Many jurisdictions have implemented a fingerprint requirement for residents. If a jurisdiction permits a nonresident to designate itself as the adjuster's home state (DHS), the resident fingerprint requirement extends to that nonresident. Jurisdictions are encouraged to adopt the Authorization for Criminal History Record Check Model Act (#222) when evaluating and considering whether an applicant or licensee has met the character and trustworthiness requirements to obtain, maintain or renew a license.

Nonresident Licensing

Similar to insurance producer licensing, in almost every jurisdiction where an adjuster license is required, it is the resident, or "home state" jurisdiction who assesses the qualifications of their resident adjusters. Most jurisdictions will grant a comparable or similar nonresident license based on reciprocity, however, reciprocity is not as widely accepted as it is with insurance producer licensing.

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Variations with LOAs, qualification standards, and "license types" create hurdles to nonresident licensure. There are a few jurisdictions that will not grant nonresident licensure based upon a person having qualified and passed a license exam in the applicant's home state. Instead, these jurisdictions require the nonresident applicant to take an exam in the nonresident state even though the person has taken and passed the license exam in the home state. Some jurisdictions will reciprocate with a true resident license but not with a designated home state ("DHS")license.

Determination of Home State

It is important to note that Producer Model #218 precedes both Public Adjuster Model #228 and Independent Adjuster Guideline #1224 and was used as the basis for the development of the "home state" definitions in both Public Adjuster Model #228 and Independent Adjuster Guideline #1224. The NIPR application was built to accommodate the PLMA. The original definition of "home state" is "intended to accommodate a producer who lives in one state but maintains their business in another state". Because every state has adopted the PLMA, the definition of "home state" for producers does not contemplate a scenario where a producer resides in a state that doesn't license producers. Public Adjuster Model #228 and Independent Adjuster Guideline #1224 both clarify licensure when the individual resides in a state that does not require licensure. Independent Adjuster Guideline #1224 does not contemplate licensure of company/staff adjusters, though there are XXX states that require licensure of company/staff adjusters.

Producer Licensing Model Act #218 (Model #218") defines home state as:	Public Adjuster Licensing Model Act # 228 defines home state as:	Independent Adjuster Guideline #1224 defines home state as:
"Home state" means the District of Columbia and any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or principal place of business and is licensed to act as an insurance producer.	"Home state" means Washington, DC and any state or territory of the U.S. in which the public adjuster's principal place of residence or principal place of business is located. If neither the state in which the public adjuster maintains the principal place of residence nor the state in which the public adjuster maintains the principal place of business has a substantially similar law governing public adjusters, the public adjuster may declare another state in which it becomes licensed and acts as a public adjuster to be the "home state."	"Home state" means Washington, DC and any state or territory of the U.S. in which an independent adjuster maintains his, her or its principal place of residence or business and is licensed to act as a resident independent adjuster**.** If the resident state does not license independent adjusters for the line of authority sought, the independent adjuster shall designate as his, her or its home state any state in which the independent adjuster is licensed and in good standing.

The concept of a designated home state ("DHS") was developed to allow the individuals who resides or maintains a principal place of business in a non-adjuster licensing state to choose a jurisdiction that *does* issue adjuster licenses to be their home state for the purposes of licensure. A DHS licensee would qualify for a license in that jurisdiction in accordance with resident licensing procedures.

While DHS licensing has resolved some licensing issues, making a determination of *what qualifies* as a designated home state and *who is eligible* to designate a home state has presented regulatory challenges.

Actual state of residency should be the primary driver of resident state licensure. In the rare situation where "principal place of business" is relied upon in place of residency, it should be construed as the primary location where the adjuster physically works and "maintains their business".

This means that the public or independent adjusters who report to an office in a border state every day could use their business address for residency. This also means if the public or independent adjuster is the actual proprietor of their business in a border state, they may use their business address for residency to align with the state in which they own and operate. Insurance company or staff employees have no reason to choose a business address in place of resident address; regional, training, or corporate hubs/offices should not constitute a principal place of business in place of residency. Jurisdictions should be mindful of this type of "home state" shopping and not permit such.

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The purpose of licensing is consumer protection. The licensing exam is intended to test minimal competency to enter the business of adjusting insurance claims, and the exam is not different for an independent or company/staff adjuster and may be different for a public adjuster.

Company/staff adjusters should consider maximizing reciprocity by first seeking licensure in their resident state, even if it's not required by their resident state. If, however, licensure is restricted or not available in their resident state, they should then seek a DHS.

Reciprocity with DHS

Because applicants can *choose* which jurisdiction to seek DHS status from, regulators should be mindful of jurisdictional requirements and applicants who are forum shopping. A DHS license should not be issued to an applicant who should obtain licensure in their resident jurisdiction.

The initial focus of DHS licensing was to create a path for individuals with resident licensure requirements to obtain nonresident licenses in that they only needed to take a single qualifying examination. This choice may have been made without consideration of maintaining nonresident licenses in the future. The ramifications of choosing a DHS without continuing education requirements may not be realized until the DHS licensee has to renew the license in a state that requires continuing education compliance. In addition, there are currently no recommended standards as to how a DHS license is distinguished from other nonresident licenses, how DHS licensee information is reported to the PDB or best practices when a licensee wants to change from one DHS state to another. The absence of accepted standards leads to inefficiencies in the licensing process and limit the extent to which regulators and industry can leverage technological solutions.

Ideally all jurisdictions should reciprocate with an individual who was issued DHS status in a jurisdiction with:

(1) a licensing exam requirement to meet the knowledge qualification (no exam waivers permitted),

(2) authority to require a national criminal background check to meet the fitness and character qualification, and

(3) 24 hours of continuing education (with 3 of those 24 hours in ethics) to ensure continued competence.

As of the 2026 update to this Chapter, the following jurisdictions meet these requirements: Alabama, Alaska, Delaware, Florida, Idaho, Louisiana, Minnesota, Montana, Nevada, New Mexico, Texas, Utah, Washington, West Virginia, and Wyoming.

Electronic adjuster licensing processes were modeled on existing producer licensing processes, which are based upon active licensure in the resident jurisdiction. In 2011, the NAIC adopted the *Independent Adjuster Reciprocity Best Practices Guidelines*, which provides jurisdictions with a model to meet reciprocity requirements, as well as take major steps toward reaching uniformity. Most jurisdictions have adopted the DHS provision and allow an individual to qualify for licensure by either reciprocating with another jurisdiction's verifiable DHS status on the PDB, or by vetting the individual just like a resident and awarding DHS status and reporting such to the PDB. This facilitates the use of electronic licensing processes.

The National Insurance Producer Registry (NIPR) has developed application functionality to accommodate adjuster initial licensing and renewals for adjusters licensed in a resident state as well as adjusters holding a DHS license.

Continuing Education

A majority of jurisdictions require CE for public adjusters and reciprocate accordingly.

As of the 202X update to this Chapter, 22 of the 30 reciprocating independent licensing jurisdictions *footnote the list of states - AL, AK, AR, DE, FL, ID, IN, KY, LA, MN, MT, NV, NH, NM, NC, OK, TX, UT, WA, WV, WY. have CE requirements for their resident adjusters. Reciprocity exists among a majority of these states, but not all, in part as a result of the inconsistency among LOAs granted within each jurisdiction's adjuster licensing requirements. It also becomes problematic when the resident adjuster's home state does not have a CE requirement. Individual adjusters who are eligible to designate a home state should be mindful of CE requirements when selecting a home state.

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Similar to the producer licensing continuing education requirement in Model #218, Model #228 and Guideline #1224 contain a CE requirement that the home state shall require 24 hours of CE every two years, with three of the 24 hours covering ethics. It is recommended that a jurisdiction accept an adjuster's satisfaction of its home state's CE requirements as satisfying that state's CE requirements, provided that the home state recognizes CE satisfaction on a reciprocal basis.

Emergency/Catastrophic Adjusters

A state that offers temporary licensure or registration for emergency/catastrophic adjusters are encouraged to follow Guideline #1224 and develop an automated notification or registration procedure that allows for an immediate, streamlined, and efficient application or reporting process for adjusters who are seeking authority to adjust claims in the event an emergency or catastrophe is declared. Most jurisdictions will trigger emergency/catastrophe licensure with an announcement, and permit applications (or reporting) for a defined event, for a prescribed number of days.

Recommended Best Practices for State Insurance Regulators

- Adopt Public Adjuster Model #228.
- Adopt Independent Adjuster Guideline #1224.
- Use the NAIC uniform applications and establish a process for electronic application submission and processing.
- Provide resident and nonresident adjuster licensing requirements (procedures, instructions, etc.) wherever fitting (state website, NIPR state page, etc.). Keep information current.
- Adopt a biennial renewal process tied to the uniformity standards.
- Participate in the NAIC Personalized Information Capture System (PICS) to receive license status alerts and to monitor administrative or enforcement actions against existing licensees.
- Use the Attachments Warehouse/Reporting of Action (ROA) system to receive electronic notifications to alert a state when an adjuster has added information into the Attachments Warehouse since their initial entry regarding administrative, criminal or civil actions.
- Restrict using the business address in place of resident address to those persons who are actual proprietors of a business in a border state (which is rare). Be mindful of address manipulation to "forum-shop" for a favorable home state or DHS license
- Limit DHS PDB reporting to the state(s) that are actually reporting themselves as the DHS of an individual. (Or only report DHS status to the PDB for adjusters where your state is the actual DHS state.)
- Unless statutorily restricted, allow a resident company/staff adjuster to receive a resident independent adjuster license
- Nonresidents that designate your state as their "home state" (DHS) should issue a nonresident license and report your jurisdiction's two-digit state code to the PDB in the "designated home state" data field. And ensure that DHS status is reported to the PDB. While majority of states report the two-digit state code, some states issue a license type specific to Designated Home State and should consider sending the two-digit code for purposes of electronic validation.
- Include a provision in law that prohibits simultaneous licensure as both an independent (or company) adjuster and a public adjuster.
- License examination requirements should only apply to new resident applicants and DHS applicants.
- Grant an exemption from the license examination requirement to applicants for the crop LOA who have satisfactorily completed the National Crop Insurance Services (NCIS) Crop Adjuster Proficiency Program (CAPP) or the loss adjustment training curriculum and competency testing required by the Federal Crop Insurance Corporation (FCIC) Standard Reinsurance Agreement (SRA).
- If your state allows non-U.S. citizens to receive a license, ensure that other laws in your state, such as tax laws, do not require every licensee or applicant for a license to submit a SSN or Individual Taxpayer Identification Number (ITIN).

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