

# THE INSURANCE ADJUSTER'S ESSENTIAL GUIDE FOR HANDLING TEXAS CLAIMS

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1 **INTRODUCTION.** Adjusting insurance claims is an inherently stressful profession. The job requires daily encounters with claimants who themselves are usually stressed due to some loss or injury, encounters with plaintiff's attorneys seeking a payday, encounters with the customary negative attitudes and bias against insurance companies, and the daily encounters with supervisors and insurance company management about how a claim is being handling or what was paid to settle a claim. While adjusters are seen as bankers and welfare workers by claimants, they are seen as bank vault guards by insurance company management who encourage a miserly approach to claims resolution. And all the while there is the added pressure that actions taken by an adjuster during the claims process may subject the adjuster and company to a subsequent lawsuit. Navigating these waters can be tricky, with little ultimate reward, aside from knowing that a good job was done. The purpose of this publication is to provide insurance adjusters with an easy to understand guide on the basic requirements and prohibitions involved in handling claims in the State of Texas. Obtaining a working knowledge of these rules is perhaps the single best thing an adjuster can do to avoid, or at least minimize, complaints filed with the Texas Department of Insurance or civil lawsuits alleging extra-contractual claims.

## 2 **WHO ARE TEXAS INSURANCE ADJUSTERS?**

- A. This means a person licensed by the Texas Department of Insurance to act as an insurance adjuster. A person may not act as, or represent that the person is, an adjuster in the state of Texas unless the person holds a license with the Texas Department of Insurance.<sup>1</sup>
- B. But a nonresident adjuster is not required to hold a license to: (1) adjust a single loss in this state; (2) adjust losses arising out of a catastrophe common to all those losses; or (3) act as a temporary substitute for a licensed adjuster.<sup>2</sup>

## 3 **SOURCES OF ETHICAL STANDARDS**

- A. Ethics is defined by the Mirriam-Webster Online Dictionary as a set of moral principles or values; a theory or system of moral values; the principles of conduct governing an individual or a group.<sup>3</sup> In the insurance claims context this essentially means the "dos" and "don'ts" when handling a claim. In Texas, there is no set of rules titled "ethics" for insurance adjusters. But insurers and the claims handling

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<sup>1</sup> See TEX. INS. CODE ANN. Art 21.07-4 § 2(a)(effective April 1, 2005 codified as TEX. INS. CODE ANN. § 4101.051.

<sup>2</sup> See TEX. INS. CODE ANN. Art 21.07-4 § 1(b) (effective April 1, 2005 codified as TEX. INS. CODE ANN. § 4101.002(b).

<sup>3</sup> See [www.webster.com](http://www.webster.com).