



**Department of Business Regulation**  
*Insurance Division*  
**1511 Pontiac Avenue, Bldg. 69-2**  
**Cranston, Rhode Island 02920**

## **Consumer Alert**

### **Disaster-Related Fraud**

Most public adjusters and contractors are honest and competent. They'll do their best to make you a satisfied customer. But you should know the warning signs of a fraud, how to prevent it, and how to report it.

A disaster can lure dishonest building contractors and public insurance adjusters. They'll try to exploit the confusion and emergency conditions and swindle you and your insurance company.

#### **Contractors: Remember when working with or hiring contractors:**

Get several bids. Obtain two or three written repair bids, if possible. The bids should include all costs, a description of the work to be done, the schedule for completing the work, and all guarantees.

- Don't accept a bid just because it's the lowest. If it's too good to be true, it could be fraudulent.

Use established contractors. Be careful if the contractor arrives in an unmarked vehicle or seeks your repair work by going door-to-door. These contractors may be unlicensed, untrained, or dishonest, trying to make a quick dollar at your expense.

- Often they'll use low-grade material.
- Their work may be shoddy and even dangerous.
- They may disappear with your money after finishing only part of the job, or not doing any work.

Confirm that the contractor is properly registered to do business in Rhode Island. Rhode Island law requires anyone who is in the business of commercial construction, home construction, alterations, remodeling, or repair to be registered with the State of Rhode Island Contractors' Registration and Licensing Board. Visit the [Contractor's Registration and Licensing Board's website](#) or call 401-222-1268 to confirm registration and/or to obtain information on Consumer Protection. Prior to entering into any contract with a contractor you are encouraged to visit the Consumer Protection

section of CRB's website which provides information beneficial to consumers when entering into a contract and/or filing a complaint against a contractor.

Always ask to see the contractor's registration certificate.

Ask for references. Get references from the contractor and check them out before allowing any work to be done.

Get a signed contract. Get a signed contract before the work begins. Never sign a contract with blanks.

Never pay in advance. Don't pay a contractor in full before work begins or before it's finished. The contractor could disappear with your money, leaving your repair job unfinished. A percentage of the total repairs in the form of a down payment is not unusual, but be careful. Pay only what's spelled out in your signed contract.

Never pay in cash. Pay only with check or credit card so that payment can be cancelled, if necessary.

### **Insurance Adjusters: Doing business with public insurance adjusters**

Insurance companies employ their own adjusters or retain independent adjusters who are trained to evaluate your property damage and help walk you through the claims process free of charge. Company and independent adjusters represent the insurance company's interest in the settlement of claims. In Rhode Island, you can also hire public insurance adjusters to help you file claims and negotiate your insurance payment. Public insurance adjusters represent the claimant and charge a fee for their service.

Most public insurance adjusters are honest and competent, but some might not be, especially if they're not licensed. They could take advantage of disaster victims by:

- Charging you a large upfront fee and then disappearing without handling your claim.
- Referring your repair to a dishonest contractor for a kickback, and you may receive poor repairs in return.
- File false and inflated claims against your policy. Sometimes they'll also try to convince you to join the scheme.
- Use their position of trust to access your Social Security number and other personal data for scams involving identity theft.

**Licenses.** All insurance adjusters must be licensed in Rhode Island unless the individual is exempt under [R.I. Gen. Laws § 27-10-2](#). Make sure any public insurance adjuster you're considering or allowing on your property is properly licensed in the state. To verify the license status of a public or company adjuster, please visit the [Rhode Island](#)

[Insurance Division's website](#) or call 401-462-9520. During disasters emergency adjuster licenses are issued to adjusters representing insurance companies so please check both the link above and the [emergency adjuster list](#) for company adjusters. If you suspect an adjuster is operating without a license, please report such activity to the Rhode Island Insurance Division.

**References.** Ask people you trust if they can recommend a reputable public insurance adjuster.

**Adjuster Conduct and Fees:** Make sure you know the public adjuster's fee. Public adjusters must disclose all fees. In the event of a catastrophic disaster, there are limits on allowable fees. No public adjuster shall charge, agree to, or accept as compensation or reimbursement any payment, commission, fee, or other thing of value equal to more than ten percent (10%) of any insurance settlement or proceeds. No public adjuster shall require, demand or accept any fee, retainer, compensation, deposit, or other thing of value, prior to settlement of a claim.

[Insurance Regulation 43](#) governs the conduct of all adjusters. [Insurance Regulation 73](#) governs claims settlement practices. If you suspect that a public insurance adjuster or your company's adjuster is being dishonest or acting in violation of Insurance Regulation 43 or 73, you may file a complaint with the Rhode Island Insurance Division. [Click here](#) for a copy of the complaint form. Once completed, the complaint form may be mailed to the Insurance Division or submitted via e-mail to [insuranceinquiry@dbr.state.ri.us](mailto:insuranceinquiry@dbr.state.ri.us).

**Additional Resources: Assistance with Disaster Claims**

For questions on applying for federal assistance please contact [FEMA \(Federal Emergency Management Agency\)](#) at 800-621-3362 or you may apply for assistance online at [www.disasterassistance.gov](http://www.disasterassistance.gov)

For questions on obtaining flood insurance, what to do before, during or after a flood, and/or to report flood related claims, please contact the NFIP (National Flood Insurance Program) at 800-638-6620 or [www.floodsmart.gov](http://www.floodsmart.gov)

For general information/assistance on RI disasters please visit the [RI EMA website](#).

For Disaster or Emergency Service Information please contact: United Way: 2-1-1.

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