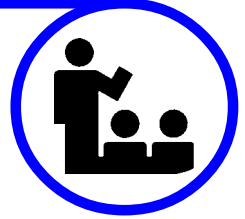


# Insurance Claim Adjusters



## Occupational Brief Title Codes:

- D.O.T.: 241.217-010
- G.O.E.: 11.12.01
- S.O.C.: 13-1031
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## Occupational Subtitles:

- Auto Damage Appraisers
- Insurance Claim Examiners

## Work Classification Based Related

### D.O.T. Occupations:

- Agent-Contract Clerks
- Collection Clerks
- Credit Analysts
- Customer-Complaint Clerks

## Interests Based Related

### G.O.E. Occupations:

- Claim Agents
- Customer Service Managers
- Revenue-Settlements Administrators
- Service Representatives

## Skills Based Related

### O\*NET Occupations:

- Appraisers, Real Estate
- Assessors
- Insurance Underwriters
- Licensing Examiners and Inspectors
- Welfare Eligibility Workers and Interviewers

## Noteworthy Quote:

*“Claims Adjusting is a very rewarding and challenging field. A person or organization that has suffered a fire or injury, or facing a lawsuit is very dependent upon the skills and attention of the claims adjuster. The reassurance and professionalism of the adjuster can do much to ease the personal pain or concerns of the injured party. The satisfaction of dealing with complex claims situations and being a front line ambassador for the insurance company can be personally rewarding.”*

—J. David Ferris, Ph.D., CPCU, ARM,  
The Wood Office, Ithaca, NY

**Insurance claim adjusters** (in`sur-ance claim ad`just-ers) process insurance claims for personal or property losses, damages, or injuries. They investigate claims; negotiate settlements; and authorize or deny payments to claimants.

By paying fees or premiums to an insurance company, persons who suffer injury, loss of property, or other damages may get payment from the insurance company to recover losses. Auto insurance, for instance, helps automobile owners replace or restore their vehicles damaged in an accident. Homeowners buy insurance to cover possible loss of property from fire, vandalism, or theft. Farmers insure crops and livestock against loss from floods, storms, and hail.

An insurance policy is a contract between the policyholder and the insurance company that tells what kind of claims will be paid. When loss or injury occurs, the policy holders look to the insurance company to cover the costs of replacement or recovery. Insurance companies, in turn, must meet their commitment to policyholders.

## Work Performed

Insurance claim adjusters, sometimes called **claim representatives**, are responsible for the quick and fair settlement of claims. They process insurance claims, planning and scheduling the work involved. Their main role is to investigate the claims, negotiate settlements, and authorize payments to claimants. They must determine whether the customer’s insurance policy covers the loss, and how much of the loss should be paid to the claimant.

Adjusters first check the policy of the insured person. This document gives the conditions under which the company will pay a claim. They then gather all facts on the cause of loss or injury. To investigate a claim, they interview the claimant, injured persons, and witnesses; consult police and hospital records; and inspect damages, or the site or equipment blamed for causing the damage or injury, such as an icy stair or faulty machinery. They may also consult with other professionals, such as accountants, architects, construction workers, engineers, lawyers, and physicians, who can offer a more expert evaluation of a claim.

This investigation helps them to determine the extent of damages as well as the extent of liability—who or what is at fault for the damage and, thus who must ultimately pay for the damage. The information from this work, including photographs and written or taped statements, is included in a report that is used to evaluate a claim. When the policyholder’s or injured party’s claim is legitimate, the claim adjuster negotiates with the claimant and settles the claim. When claims are contested or challenged, adjusters deny payment. They may also be called on to testify in court to defend the insurer’s position.

Many insurance companies centralize the claims-adjusting operation in a claims center. Once the cost of repair is determined, a check is issued immediately. Junior claim adjusters generally handle minor claims filed by automobile or homeowner policyholders, and settle many small claims over the phone. In general, these examiners have authority to approve payments on claims up to a certain amount. More complex claims for large amounts, usually involving bodily injury or court action, generally go to senior adjusters.

**Independent claim adjusters** work for several insurance companies, or they may have a contract to handle all claims in a given area for one insurance company.

Others may take care of all claims in one line of insurance, such as auto damages. Insurance companies may contract with independent adjusters full-time, or they may contract with them only when all their own adjusters are busy—perhaps with a widespread disaster. Some independent claim adjusters operate like a small business.

**Public claim adjusters** have no connection with insurance companies. They work for the claimants. That is, they represent the person making the claim for damage to his or her property against the insurance company. Like other claims adjusters they investigate, prepare, negotiate, and adjust claims, often working with adjusters from the insurance company. However, the work of public adjusters is directed toward the best interests of the client, rather than the insurance company. They work for a percentage of the settlement—10 percent as a rule.

A major goal of claim adjusters is to settle liability claims out of court. Civil trials are costly and take time. The results of trials often disappoint both the claimant and the insurance company. Ultimately, no matter whom the adjusters represent, they work for a fair settlement for all.

Although some adjusters work with multiple types of insurance, most specialize in homeowner claims, business losses, automotive damage, or workers' compensation. Many claims workers also have overlapping functions and may even perform the same job, but the insurance industry generally assigns specific roles and titles to these workers.

**Insurance claim examiners**, for instance, have duties similar to those of an adjuster. However, their primary job is often to review submitted claims to ensure that proper guidelines have been followed. They check claims for completeness and accuracy, consult policy files to verify the information reported in a claim, and compare them with terms in the policy. Examiners may also keep records of claims, review settled claims to see that the terms and payments are in line with company procedures and practices, and report any irregularities.

Most claim examiners work for life and health insurance companies. In health insurance companies, claim examiners review health-related claims to see whether costs are reasonable based on diagnosis. In this work, they refer to guides that supply information on the average period of disability, the expected treatments, and the average hospital stay for various ailments. In life insurance, claims examiners review the causes of death, particularly in the case of an accident (most insurance policies pay additional benefits if a death is accidental). They may also review new applications for life insurance to make sure that applicants have no serious illnesses that would make them a high risk to insure, and thus disqualify them from obtaining insurance.

Another important role in the accurate settlement of claims is appraising or assessing the cost or value of an insured item. The majority of appraisers employed by insurance companies and independent adjusting firms are **auto damage appraisers**. They inspect damaged vehicles after an accident and estimate the cost of repairs. They often know as much about cars as auto mechanics do. This information is

then relayed to the adjuster, who incorporates the appraisal into the settlement. The adjuster may even determine that it is more practical to pay the claimant the market value of the vehicle, if the damage is greater than the value of the vehicle.

When adjusters, examiners, or appraisers suspect fraud, they refer the claim to **insurance investigators**. Working in an insurance company's Special Investigative Unit, these claims workers handle claims in which a company suspects fraudulent or criminal activity, such as arson cases, false workers' disability claims, staged accidents, or unnecessary medical treatments. The severity of insurance fraud cases can vary greatly, from claimants simply overstating damages to complicated fraud rings. Investigators obtain background information on claimants and witnesses, including criminal records and past claims histories. They often consult with legal counsel, and may perform surveillance work.

Claims workers are making more use of computers to keep records of clients and actions taken in various claims. Most work on desktop computers, and many use portable laptop computers to enter or access information when they are on an assignment away from their offices. They can download the necessary forms and files from insurance company databases. They can input information about the damage directly into their computers, and use software programs that produce estimates of damage on standard forms. Many also use digital cameras or cell phones equipped with digital camera capabilities, which allow photographs of the damage to be sent to the company via the Internet.

### **Working Conditions**

Working environments vary. Some claims workers spend most of their time in an office setting. Others do much of their work outside the office inspecting damaged buildings and automobiles. Many work inside their office only a few hours a week, while others conduct their business entirely out of their home and automobile. This enables some claim adjusters to work independently.

Occasionally, experienced claim adjusters are away from home for days when they travel to the scene of a disaster, such as a tornado or hurricane, to work with local claim adjusters and government officials. Sometimes they wear hard hats and coveralls to inspect a dangerous site, such as a collapsed roof, auto accident, or railroad wreck. Investigating contested claims can also involve confrontation with claimants and others involved in the case, which can be stressful.

### **Hours and Earnings**

Many claim adjusters work a standard 5-day, 40-hour week. They may work longer hours during peak claim periods or when quarterly or annual reports are due. Some may be on-call twenty-four hours a day. In general, claim adjusters are able to arrange their work schedule to accommodate appointments with clients. They may work irregular hours, including evenings and weekends, in order to talk to

witnesses or to look at a site. They work whatever hours they must to finish the job and settle the claim. This may result in adjusters working 50 to 60 hours a week.

Earnings for insurance claim workers also vary with education, experience, duties, employer, and geographic location. According to the Bureau of Labor Statistics, in 2004, claims adjusters, examiners, and investigators earned an average of \$47,310 a year. Overall, earnings ranged anywhere from around \$27,000 a year to over \$73,000 a year. Auto damage appraisers earned an average of \$45,780 a year. Overall, their earnings ranged from around \$29,000 a year to over \$64,000 a year.

Employee claim adjusters typically have paid vacations, sick leave, health and life insurance, and retirement plans. Some firms have a profit-sharing plan and a credit union. Claim adjusters in some specialties receive additional bonuses or benefits as part of their job. Most firms furnish a cell-phone and laptop computer, as well as a company car or reimbursement for the use of their own vehicle for business purposes.

### **Education and Training**

Most insurance companies prefer to hire college graduates. Applicants do not need a degree in a specific subject, but courses in insurance, economics, or business subjects are valuable. College training in architecture or engineering is helpful in adjusting industrial claims, such as those involving damage from fires or other accidents. A legal background is helpful for those working in product liability or workers' compensation. A medical background is useful to those working on medical and life insurance claims.

Some firms do employ non-college graduates with a special knowledge or formal training useful for a certain kind of insurance. Experts in auto repair, for example, may make good auto claim adjusters or appraisers. Many vocational colleges offer 2-year programs in auto-body repair on how to estimate and repair damaged vehicles. Most insurance companies prefer to hire law enforcement officers or private investigators as insurance investigators. A background of accounting, sales, or clerical work may qualify job seekers for training as junior claim adjusters.

High school students thinking about a career in insurance claims work should take courses in mathematics, English, business, and economics. Good verbal and written communication skills are vital. A knowledge of computer operation is also increasingly important.

All liability claim adjusters should have knowledge of the laws of their state. The law of contracts is also important. Trainees learn these topics on the job and through formal education programs after hiring. Workers may also receive training through courses and seminars offered by many associations and schools, such as the Insurance Institute of America (IIA), the International Claim Association (ICA), and the American College. Correspondence courses via the Internet are making long-distance learning possible.

Continuing education in claims is especially important. New federal and state laws and court decisions frequently

affect how claims are handled or who is covered by insurance policies. Those who work on health and life insurance claims must also be familiar with new medical procedures and prescription drugs.

### **Licensing and Certification**

Licensing requirements vary by state. Some states have very few requirements, while others require the completion of prelicensing education or passing a licensing exam. Most states require independent claim adjusters and public adjusters to be licensed or bonded. In some states, claims adjusters employed by insurance companies can work under the company license, and do not need to be licensed themselves.

Requirements generally include one or more of the following: candidates must pass a written test on adjusting and present character references, they must be at least twenty or twenty-one years old and residents of the state where they plan to work, and they must file a surety bond and show proof of completion of an approved course in insurance or loss adjusting. Some states that require licensing also require continuing education in order to renew the license.

In some cases, obtaining a voluntary professional designation may be substituted for the licensing requirements. Candidates for these designations and certifications must meet specified experience and education requirements, and pass an examination. To maintain certification, they must also meet continuing education requirements.

### **Personal Qualifications**

Some companies require applicants to pass a series of written aptitude tests designed to measure communication, analytical, and mathematic skills. They must understand Federal and State insurance laws and regulations. For jobs which involve a lot of travel, workers must also have a valid driver's license and a good driving record.

Because insurance claims workers often work closely with claimants, witnesses, and other professionals, they must be able to communicate effectively with others. They should be detail-oriented and they should have a good memory. They should be observant and attentive listeners. Good interviewing and decision-making skills, good judgement, and assertiveness are necessary in order to settle claims.

Occupations can be adapted for workers with disabilities. Persons should contact their school or employment counselors, their state office of vocational rehabilitation, or their state department of labor to explore fully their individual needs and requirements as well as the requirements of the occupation.

### **Where Employed**

Insurance claim workers held just under 400,000 jobs in 2004, of which, roughly 14,000 were held by auto damage appraisers. They worked in all parts of the United States in cities and towns of all sizes. Insurance carriers employed nearly 60 percent of claims workers; while more than 20 percent were employed by insurance agencies and brokerages, and private claims adjusting companies. About 2 percent of claims workers were self-employed.

## Employment Outlook

Employment of insurance claims workers is expected to grow. Numerous jobs are also expected to open due to replacement needs. The need for life, health, home, and automobile insurance will increase as the population expands. As the elderly population increases, there will be a greater need for health care. New or expanding businesses will need protection for new plants and equipment, and for insurance covering their employees' health and safety. The increasing volume of insurance will, in turn, result in more insurance claims.

Although technological advances have resulted in significant productivity gains, many of the duties of claims workers are not easily automated. They will still be needed to contact policyholders, inspect damaged property, and consult with experts. Opportunities will be best for those with a college degree, and those who obtain formal training and earn professional designations in the insurance claims field.

## Entry Methods

The most direct way to get a job is to apply to a firm that sells casualty and liability insurance. Small independent firms sometimes hire high school graduates for clerical jobs and give them on-the-job training. These workers spend several weeks reviewing files and claims. After a few months they begin to work on small claims under the supervision of an experienced worker. As they learn more about claim investigation and settlements, they take on more complex claims.

Large companies prefer to hire college graduates or those with a background in insurance work. These beginners work with skilled claim adjusters for six or seven months. After the trainees learn the basics and show they can do the work, the companies assign them to their own territory or their own specialty.

## Advancement

Beginning claim adjusters and examiners work on small claims under the supervision of an experienced worker. As they learn more about claim investigation and settlement, they are assigned larger, more complex claims. Trainees are promoted as they demonstrate competence in handling assignments and as they progress in their course work.

Employees who demonstrate understanding in claim work or administrative skills may be promoted to claims approver or claims manager. Other claim adjusters are promoted to claim investigators. A few skilled and experienced adjusters may, after several years, head the claims division of large firms, rise to corporate officer status, or start their own independent insurance claim adjuster business.

## For Further Research

**Independent Automotive Damage Appraisers Association**, P.O. Box 12291, Columbus, GA 31917-2291. Web site: [www.iada.org](http://www.iada.org)

**Insurance Institute of America**, 720 Providence Road, P.O. Box 3016, Malvern, PA 19355-0716. Web site: [www.aicpcu.org](http://www.aicpcu.org)

**International Claim Association**, One Thomas Circle, N.W., 10<sup>th</sup> Floor, Washington, DC 20005. Web site: [www.claim.org](http://www.claim.org)

## Acknowledgments

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