

The Decline in Adjuster Training

by Jonathan Stein, J.D., CPCU

■ **Jonathan Stein, J.D., CPCU**, is a plaintiff's attorney in Sacramento, CA. Stein earned his B.A. in economics from California State University, Sacramento in 1995. Stein then began his adjusting career with Prudential Insurance. While at Prudential, he began the CPCU program and completed it in 1998. At that time, he was employed by CIGNA. Subsequently, Stein worked as an adjuster at Crawford & Company. In 2002, Stein earned his J.D. from McGeorge School of Law with distinction. Stein now is the principal of the Law Offices of Jonathan G. Stein where he also does expert witness work.

When I started as an adjuster after college, training was the most important aspect of the new hire phase. Sure, I went through human resources, tax forms, harassment policies, computer usage, etc. But, before I could adjust claims, I had training. And then more training. (This included a trip to beautiful Comiskey Park and the bad parts of Chicago!) And, finally more training.

Today, adjusters are hired with diverse backgrounds and are given claims files. No one explains to them the basics of adjusting: coverage, liability, damages, etc. The new hire is told to ask questions as he or she goes along. Then the complaints start to come and come and come.

As CPCUs, we have voluntarily taken on more training. Not only have we completed eight or 10 courses—depending on when we earned the designation—we have agreed to maintain and improve our knowledge and skills. However, this is what distinguishes CPCUs from others in the insurance field. This training is also essential to the adjuster.

Who Cares about This Topic?

A 2000 survey of adjusters by *Claims Magazine* revealed poor adjuster training was a key reason for an apparent recent decline in job satisfaction. United Policyholders, a pro-consumer organization, talks heavily about the lack of training. Claims managers care about training as well and consider it a good thing. Regulators are starting to care and are considering mandatory training. Finally, and most importantly, insureds care about training because training leads to better adjusters and, by extension, a more timely resolution to claims.

Why Training?

Adjuster education serves several purposes. First, at its most basic, it's the core of how to perform the job functions. As with any profession, adjusters need to know how to do their job. And, unlike some professions, there are not many schools set up to teach you how to adjust claims. Face it, most of us do not have degrees in insurance. Most people do not grow up and say, "I want to be an adjuster." Adjusters can take as much as five years to develop a feel for people, if not longer. Some have commented on this, including a claims vice president who said, "I find that people know less and less of the basics about how to investigate and handle a claim." Thus, training teaches adjusters how to perform the job functions properly.

Second, training provides updated information. I started adjusting claims by writing property estimates on paper. Additional training provided updates on how to use the new software, how to

electronically transmit estimates, and how to attach photographs. While these may be fancy enhancements, they go to the core of adjusting—customer service.

Third, training provides a way of sharing information. Every situation can be handled in more than one way. Training provides an opportunity for adjusters, whether it's the student or teacher, to share information. Some of the best training I attended involved sharing "war stories," a favorite past time of adjusters. But out of these stories come the tips, tricks, and hints that stay with us and allow us to use these techniques on future claims.

Fourth, to be a professional, one must go through training. Training and education are at the top of the list for a profession. As one adjuster from Indiana said, "[Y]ou have an adjuster force that's well-informed and educated, so that would help elevate the professional aspect of the industry."

Fifth, training can help the employer. By taking responsibility for employees' education, companies can gain many positives. A Vermont vice president of claims said, "Those who are training the people and taking care of them will benefit because one, it's going to build loyalty, and two, they're going to have better employees; that's going to save them money in the long run." The third point—it may avoid bad-faith lawsuits, or assist in their defense when the lawsuits are filed.

Finally, training provides for advancement. Training is a tool to gain more knowledge. With this knowledge, advancement, both within an organization and outside of an organization, is possible. Without training, people stagnate in their jobs and do not grow.

The Downfall of Training

If training serves so many purposes, why is there a lack of training? An independent adjuster in South Dakota told *Claims Magazine*, "The adjuster's workload is so much that it is tough to find time to take

the classes." This was also expressed by an adjuster from Indiana who told *Claims*, "... you're saddled with some education processes that you don't necessarily have time for." An adjuster from Illinois said, "I will probably never take a course unless they give me time off to study for it. It seems like they give you enough work to keep you busy in excess of 50 hours a week and then expect you to do this on the side." Have we seen a theme yet? Time is the biggest problem. An adjuster's day is busy, and it is only getting busier. At my peak, I was handling more than 300 files. In a 200-hour month, that is less than one hour per file per month. Add even five hours of training a month, and the month becomes unbearable.

For many, it has been a long, slow decline of basic adjusting skills in the name of efficiency through increased computer automation. "The quality of claims [training and education] is not what it used to be," said a 60-year-old claims department vice president. "Adjusters are now doing clerical work at the demand of top management's feeling that this is a cost savings due to computerization. Good claims work doesn't sell insurance like it once did." For others, the lack of training has resulted in insurance companies piecemealing out assignments, either to staff or independent adjusters. This has even led to complaints of not being able to handle claims correctly. Anecdotal evidence proves this point. One independent adjuster was sent out to appraise an insured's vehicle 125 miles away. Three weeks later, the insurance company wanted the appraiser to go back to the same town and appraise the claimant's vehicle. Another three weeks later? The adjuster was told to go get the police report from the same town.

Carriers are not using the adjusters' knowledge, but rather giving them simple assignments and telling them to keep their opinions to themselves. One carrier hired me to adjust a watercraft claim. The claimant had numerous broken ribs, a broken bone in her back, and hematomas so severe, they covered 75 percent of her body. The medical bills amounted to

\$150,000 and she was bed-ridden for six months. She had another \$50,000 in estimated future medical bills. Her attorney was one of the top attorneys in the area. I recommended that they pay their \$300,000 policy limit. After three months, the carrier's vice president of claims called to tell me to keep my opinions to myself. The carrier ended up paying more in settlement and defense costs because it did not want the adjuster's opinion.

There is also the perception that training does not help. The owner of a Florida adjusting company said, "Any basic courses do not have much for the experienced adjuster." This doesn't just affect your everyday property and casualty adjusters. Catastrophe adjusters are also suffering from a lack of training. It has been postulated that if there is a major catastrophe, there are not enough adjusters to handle the claims. The most telling example was Hurricane Andrew in 1992. One claims vice president in Florida said, "There were 160,000 claims. If you took every storm adjuster in the United States, it would take them a year—they would all be there for a year. In reality they didn't all go. I know people who were there for two years."

Training Regulation?

Some states, such as New Mexico, already require adjusters to be licensed. Now, there may be a push to regulate continued training for adjusters. And not everyone thinks it's a bad idea. "It definitely should be mandatory," an independent adjuster from North Carolina, where adjusters are required to complete six hours of continuing education credits, told *Claims Magazine*. "I feel it should be increased. I think it should be 12. If they're good adjusters, they'll take classes anyway." The South Dakota adjuster also said that continuing education is something that should continue to be promoted.

The adjusting company owner from Florida, however, feels that continuing education should not be regulated by the state. "I'm not big on the government getting involved in anything," he said. "It

seems when they do it only messes things up." Government involvement in training may create more problems, including oversight, reporting, and certifying training providers.

Conclusion

Adjuster training is vital to the claims industry. Adjusters need proper training from the beginning. While heavier caseloads may make training more difficult, the insurance companies must recognize the benefits of training. Adjusters with proper training can also handle claims more efficiently, and with the proper authority levels, save money, in the long run. If the insurance companies do not do a better job of training, government regulation may be here soon. The decline of adjuster training must stop immediately. ■

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United Policyholders,
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