

Where Has All the "Professional" Adjuster Training Gone?

by Jonathan Stein, J.D., CPCU



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From the Edward G. Robinson 1944 film *Double Indemnity* we learned that "an adjuster is a bloodhound and a cop and a judge and a jury and a father confessor all in one" . . . and we all know to achieve those high standards it takes a lot of professional training.

Throughout the recent years we have all heard that professional claim adjusters are leaving the insurance industry in droves . . . well a recent search on the U.S.

Department of Labor, Bureau of Labor Statistics web site (www.bls.gov) shows that that is just a myth. (See Table 1.)

Basic Claims Training 101

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. But, before I could adjust claims, I had training. And then more training. (This included a trip to beautiful Comiskey Park and the notorious parts of Chicago!) And, finally, more training.

Today, adjusters are hired with diverse backgrounds and given claim files. (This is not to argue that the diverse backgrounds are not a plus. More English majors in the claims business is a good thing as writing skills seem to have deteriorated.) No one explains to them the basics of adjusting: coverage, liability, damages. 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. This continuous training is what distinguishes CPCUs from others in the insurance field. Some of us even go so far as to maintain the CPI recognition after we obtain our CPCU. The Associate in Claims (AIC) designation as well as several other insurance designation programs (ie. SCLA, RPA) are essential to maintaining and distinguishing one's status as a "professional" adjuster.

Table 1

Year of Employment Survey*	Number in Thousands of Claim Adjusters (NAICS #524291)
1994	43.5
1995	44.2
1996	45.1
1997	46.1
1998	47.3
1999	48.2
2000	48.3
2001	49.0
2002	48.2
2003	48.7

* The U.S. Dept. of Labor, Bureau of Labor Statistics tracks employment hours and earnings through the Current Employment Survey (CES). The CES is a survey of payrolls of more than 300,000 businesses on a monthly basis and provides industry data.

Is Management Listening?

A recent survey of adjusters by *Claims Magazine* revealed poor adjuster training was a key reason for an apparent decline in claims job satisfaction. United Policyholders, a pro-consumer organization, speaks frequently about the lack of training within the insurance claim industry. Claim managers say they care about training and consider it a win-win opportunity for the employee and the company, but they never seem to have the time or resources to promote it as a continuous behavior and part of their culture. Regulators are starting to listen and are considering mandatory training in many states for the claims adjuster. Finally, and most importantly, the policyholders listen and experience what is going on at the carriers. And they do care about the claim training, or lack of claim training because training leads to better informed adjusters and, by extension, a more fair and timely resolution to their claims.

Why Continuous Training for the Adjuster?

Adjuster training and development serves several purposes.

First, at its most basic, it is 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. In reality, most of us in the claims profession 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 or longer to develop a feel for people and a compassion for their needs. 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, assessing coverage, liability and damages, as well as professionally.

Second, claims training provides updated information. I personally 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 skill of adjusting—customer service.

Third, claims 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 claims professional, one must go through ongoing, continuous training. Training and education are at the top of the list for a professional. As one adjuster from Indiana said, "You have an adjuster force that's well-informed and educated, so that would help elevate the professional aspect of the industry." But, I still opine that adjusters need to understand the business that they are in and they need to make a commitment to continuous learning of the business of claims whether or not if it is funded by their employer.

Fifth, continuous training for the adjuster will benefit the employer. By taking responsibility for employees' education, companies can realize 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." Additionally, it may avoid bad-faith lawsuits, or assist in their defense when the lawsuits are filed.

Finally, training provides for personal advancement. Training is a tool to gain more knowledge. With this knowledge, advancement, both within an organization and outside of the organization, is possible. Without claims

training, adjusters stagnate in their jobs, do not grow personally or professionally, and the image of the professional claims adjuster dissipates further.

If Training Serves So Many Purposes, Why Is There a Lack of Claims 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.

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Most claims people have seen the long, slow decline of basic adjusting skills in operational efficiency and a lot has to do with the increased use of computer automation in handling claims. "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 decline in claims training has resulted in insurance

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companies piece-mealing out assignments, either to staff or independent adjusters. This has even led to complaints of not being able to handle claims timely or 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? Then later the adjuster was told to go get the police report from the same town.

■ *The carrier ended up paying more in settlement and defense costs because it did not want the adjuster's opinion.*

Carriers are not developing their resources (adjusters' knowledge) to the fullest extent. Rather, they now tend to give them routine assignments and tell 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 the carrier pay its \$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.

State Regulation of Claims Training

There now seems a push to regulate continued training for adjusters, and not everyone thinks it's a bad idea. "It definitely should be mandatory," says an independent adjuster from North Carolina,

where adjusters are required to complete six hours of continuing education credits. "I feel it should be increased. I think it should be 12. If they're good adjusters, they'll take classes anyway."

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.

For detailed information on those states that require a property and casualty adjuster license and those states that already have mandatory continuous education requirements, you can refer to the particular state's insurance department web site.

From My Perspective . . .

Adjuster training is vital to the claims industry. I have been a company claim trainee and a company claim adjuster. I am now a solo practitioner in the legal arena and deal directly with the carrier claim adjusters in representing third-party claimants. From my perspective, the claim adjusters need proper, thorough, professional claim training from the beginning of their careers until the end of their career. While heavy case loads may make training more difficult to schedule, the insurance companies must recognize the benefits of training and how it impacts customer service, customer retention, employee morale, and, most importantly, the bottom line. 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 in resources allocated to the training of the professional adjuster must stop immediately.

This article is based solely on my experience. While some adjusters are well trained, and while some carriers do provide excellent training, the industry needs to realize that this is not the norm. Examples of poor adjusting can be listed all day long, but here are some from October 2004:

- An adjuster who addresses a letter to my office and the salutation reads: "Dear Injured Party."
- An adjuster who advised me that California has limited the rights of plaintiffs in soft tissue cases and will not allow those cases to go to trial.
- An adjuster who will not return phone calls or respond to letters. When she is finally reached on the phone, she explains, "I am too busy to deal with you."

This article, prior articles, and prior talks on this topic are not meant to "bash" adjusters, as one critic said. Rather, these articles are designed to recognize a problem, open dialogue on possible solutions, and try to restore the professionalism to adjusters. To that end, comments, replies, and suggestions are all welcome and can be sent to the author at steinlawca@aol.com. ■