

Claims Adjusters, Appraisers, Examiners, and Investigators

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Significant Points

- Adjusters and examiners investigate insurance claims, negotiate settlements, and authorize payments; investigators deal with claims where there is a question of liability and where fraud or criminal activity is suspected.
- Most employers prefer to hire college graduates.
- Competition will be keen for jobs as investigators, because this occupation attracts many qualified people.

Nature of the Work

Individuals and businesses purchase insurance policies to protect against monetary losses. In the event of a loss, policyholders submit claims, or requests for payment, as compensation for their loss. Adjusters, examiners, and investigators work primarily for property and casualty insurance companies, for whom they handle a wide variety of claims for property damage, liability, and bodily injury. Their main role is to investigate the claims, negotiate settlements, and authorize payments to claimants, but they must always be mindful not to violate the claimant's rights under Federal and State privacy laws. They must determine whether the customer's insurance policy covers the loss and how much of the loss should be paid to the claimant. Although many adjusters, appraisers, examiners, and investigators have overlapping functions and may even perform the same job, the insurance industry generally assigns specific roles to each of these claims workers.

Adjusters plan and schedule the work required to process a claim that would follow, for example, an automobile accident or damage to one's home caused by a storm. They investigate claims by interviewing the claimant and witnesses, consulting police and hospital records, and inspecting property damage to determine the extent of the company's liability. Adjusters 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. The information gathered, including photographs and written or taped statements, is set down in a report that is then used to evaluate a claim. When the policyholder's claim is legitimate, the claims adjuster negotiates with the claimant and settles the claim. When claims are contested, adjusters will work with attorneys and expert witnesses to defend the insurer's position.

Many companies centralize the claims-adjusting operation in a claims center, where the cost of repair is determined and a check is issued immediately. More complex cases, usually involving bodily injury, are referred to senior adjusters. Some adjusters work with multiple types of insurance; however, most specialize in homeowner claims, business losses, automotive damage, or workers' compensation.

Claimants can opt not to rely on the services of their insurance company's adjuster and may instead choose to hire a public adjuster. Public adjusters assist clients in preparing and presenting claims to insurance companies and try to negotiate a fair settlement. They perform the same services as adjusters who work directly for companies; however, they work in the best interests of the client, rather than the insurance company.

Claims examiners within property and casualty insurance firms may have duties similar to those of an adjuster, but often their pri-

mary job is to review the claims submitted to ensure that proper guidelines have been followed. They may assist adjusters with complex and complicated claims or when a disaster suddenly greatly increases the volume of claims. Most claims examiners work for life or health insurance companies. In health insurance companies, examiners review health-related claims to see whether costs are reasonable based on the diagnosis. The examiners are provided with guides that supply information on the average period of disability, the expected treatments, and the average hospital stay, for patients with the various ailments for which a claim may be submitted. Examiners check claim applications for completeness and accuracy, interview medical specialists, and consult policy files to verify the information reported in a claim. Examiners will then either authorize the appropriate payment or refer the claim to an investigator for a more thorough review. Claims examiners usually specialize in group or individual insurance plans and in hospital, dental, or prescription drug claims.

In life insurance, claims examiners review the causes of death, particularly in the case of an accident, because most life insurance policies pay additional benefits if a death is accidental. Claims examiners also may 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 occupation that plays an important role in the accurate settlement of claims is that of the *appraiser*, whose role is to assess the cost or value of an insured item. The majority of appraisers employed by insurance companies and independent adjusting firms are *auto damage appraisers*. These appraisers inspect damaged vehicles after an accident and estimate the cost of repairs. This information is then relayed to the adjuster, who incorporates the appraisal into the settlement. Auto damage appraisers are valued by insurance companies because they can provide an unbiased judgment of repair costs. Otherwise, the companies would have to rely on auto mechanics' estimates, which might be unreasonably high.

Many claims adjusters and auto damage appraisers are equipped with laptop computers from which they can download the necessary forms and files from insurance company databases. Many adjusters and appraisers use digital cameras, which allow photographs of the damage to be sent to the company via the Internet. Many also input information about the damage directly into their computers, where software programs produce estimates of damage on standard



Claims adjusters, appraisers, examiners, and investigators gather facts related to insurance claims.

forms. These new technologies allow for faster and more efficient processing of claims.

When adjusters or examiners suspect fraud, they refer the claim to an investigator. *Insurance investigators* in an insurance company's Special Investigative Unit 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 the damage to a vehicle to complicated fraud rings responsible for many claimants supported by dishonest doctors, lawyers, and even insurance personnel.

Investigators usually start with a database search to obtain background information on claimants and witnesses. Investigators can access certain personal information and identify Social Security numbers, aliases, driver's license numbers, addresses, phone numbers, criminal records, and past claims histories to establish whether a claimant has ever attempted insurance fraud. Then, investigators may visit claimants and witnesses to obtain a recorded statement, take photographs, and inspect facilities, such as a doctor's office, to determine whether they have a proper license. Investigators often consult with legal counsel and can be expert witnesses in court cases.

Often, investigators also perform surveillance work. For example, in a case involving fraudulent workers' compensation claims, an investigator may covertly observe the claimant for several days or even weeks. If the investigator observes the subject performing an activity that is ruled out by injuries stated in a workers' compensation claim, the investigator would take video or still photographs to document the activity and report it to the insurance company.

Working Conditions

Working environments of claims adjusters, appraisers, examiners, and investigators vary greatly. Most claims examiners employed by life and health insurance companies work a standard 5-day, 40-hour week in a typical office environment. Many claims adjusters and auto damage appraisers, however, often work outside the office, inspecting damaged buildings and automobiles. Adjusters who inspect damaged buildings must be wary of potential hazards such as collapsed roofs and floors, as well as weakened structures.

In general, adjusters are able to arrange their work schedules to accommodate evening and weekend appointments with clients. This accommodation sometimes results in adjusters working irregular schedules or more than 40 hours a week, especially when there are a lot of claims. Some report to the office every morning to get their assignments, while others simply call in from home and spend their days traveling to claim sites. New technology, such as laptop computers and cellular telephones, is making telecommuting easier for claims adjusters and auto damage appraisers. Many adjusters work inside their office only a few hours a week, while others conduct their business entirely out of their home and automobile. Occasionally, experienced adjusters must be away from home for days—for example, when they travel to the scene of a disaster such as a tornado, hurricane, or flood—to work with local adjusters and government officials. Adjusters often are called to work in the event of such emergencies and may have to work 50 or 60 hours a week until all claims are resolved.

Insurance investigators often work irregular hours because of the need to conduct surveillance and contact people who are not available during normal working hours. Early morning, evening, and weekend work is common. Some days, investigators will spend all day in the office doing database searches, making telephone calls, and writing reports. Other times, they may be away performing surveillance activities or interviewing witnesses. Some of the work

can involve confrontation with claimants and others involved in a case, so the job can be stressful and dangerous.

Employment

Adjusters, appraisers, examiners, and investigators held about 241,000 jobs in 2002. Of these, more than 14,000 were jobs held by auto damage insurance appraisers. Insurance carriers employed nearly 60 percent of claims adjusters, appraisers, examiners, and investigators; more than 20 percent were employed by insurance agencies and brokerages, and private claims adjusting companies. Around 2 percent of adjusters, appraisers, examiners, and investigators were self-employed.

Training, Other Qualifications, and Advancement

Training and entry requirements vary widely for claims adjusters, appraisers, examiners, and investigators. Although many in these occupations do not have a college degree, most companies prefer to hire college graduates. No specific college major is recommended, but a variety of backgrounds can be an asset. A claims adjuster, for example, who has a business or an accounting background might specialize in claims of financial loss due to strikes, equipment breakdowns, or damage to merchandise. College training in architecture or engineering is helpful in adjusting industrial claims, such as those involving damage from fires or other accidents. Some claims adjusters and examiners apply expertise acquired through specialized professional training to adjust claims. A legal background can be beneficial to someone handling workers' compensation and product liability cases. A medical background is useful for those examiners working on medical and life insurance claims.

Because they often work closely with claimants, witnesses, and other insurance professionals, claims adjusters and examiners must be able to communicate effectively with others. Knowledge of computer applications also is extremely important. In addition, a valid driver's license and a good driving record are required for workers for whom travel is an important aspect of their job. Some companies require applicants to pass a series of written aptitude tests designed to measure communication, analytical, and general mathematical skills.

Licensing requirements for these workers vary by State. Some States have very few requirements, while others require the completion of prelicensing education or a satisfactory score on a licensing exam. Completion of the requirements to earn a voluntary professional designation may in some cases be substituted for the exam requirement. In some States, claims adjusters employed by insurance companies can work under the company license and need not become licensed themselves. Separate or additional requirements may apply for public adjusters. For example, some States require public adjusters to file a surety bond.

Continuing education (CE) in claims is very important for claims adjusters, appraisers, examiners, and investigators because new Federal and State laws and court decisions frequently affect how claims are handled or who is covered by insurance policies. Also, examiners working on life and health claims must be familiar with new medical procedures and prescription drugs. Some States that require licensing also require a certain number of CE credits per year in order to renew the license. These credits can be obtained from a number of sources. Many companies offer training sessions to inform their employees of industry changes. Many schools and associations give courses and seminars on various topics having to do with claims. Correspondence courses via the Internet are making long-distance learning possible. Workers also can earn CE credits by writing articles for claims publications or by giving lectures and presentations. In addition, many adjusters and examiners choose to

earn professional certifications and designations for independent recognition of their professional expertise. Although requirements for these designations vary, many entail at least 5 to 10 years' experience in the claims field and passing examinations; in addition, a certain number of CE credits must be earned each year to retain the designation.

For auto damage appraiser jobs, insurance companies and independent adjusting firms typically prefer to hire persons with experience as an estimator or manager of an auto-body repair shop. An appraiser must know how to repair vehicles in order to identify and estimate damage, and technical skills are essential. While auto damage appraisers do not require a college education, most companies prefer to hire persons with formal training. Many vocational colleges offer 2-year programs in auto-body repair on how to estimate and repair damaged vehicles. Some States require auto damage appraisers to be licensed, and certification also may be required or preferred. Basic computer skills are an important qualification for many auto damage appraiser positions. As with adjusters and examiners, continuing education is important because of the continual introduction of new car models and repair techniques.

Most insurance companies prefer to hire former law enforcement officers or private investigators as insurance investigators. Many experienced claims adjusters or examiners also become investigators. Licensing requirements vary among States. Most employers look for individuals with ingenuity who are persistent and assertive. Investigators should not be afraid of confrontation, should communicate well, and should be able to think on their feet. Good interviewing and interrogation skills also are important and usually are acquired in earlier careers in law enforcement.

Beginning claims adjusters, appraisers, examiners, and investigators work on small claims under the supervision of an experienced worker. As they learn more about claims investigation and settlement, they are assigned larger, more complex claims. Trainees are promoted as they demonstrate competence in handling assignments and progress in their coursework. Employees who demonstrate competence in claims work or administrative skills may be promoted to more responsible managerial or administrative jobs. Similarly, claims investigators may rise to supervisor or manager of the investigations department. Once they achieve a certain level of expertise, many choose to start their own independent adjusting or auto damage appraising firms.

Job Outlook

Employment of claims adjusters, appraisers, examiners, and investigators is expected to grow about as fast as the average for all occupations over the 2002-12 period. Opportunities will be best for those with a college degree. Numerous job openings also will result from the need to replace workers who transfer to other occupations or leave the labor force.

Many insurance carriers are downsizing their claims staff in an effort to contain costs. Larger companies are relying more on customer service representatives in call centers to handle the recording of the necessary details of the claim, allowing adjusters to spend more of their time investigating claims. New technology also is reducing the amount of time it takes for an adjuster to complete a claim, thereby increasing the number of claims that one adjuster can handle. However, as long as more insurance policies are being sold to accommodate a growing population, there will be a need for adjusters, appraisers, examiners, and investigators. Further, as the elderly population increases, there will be a greater need for healthcare, resulting in more claims.

Despite recent gains in productivity resulting from technological advances, these jobs are not easily automated. Adjusters still

are needed to contact policyholders, inspect damaged property, and consult with experts. Although the number of claims in litigation and the number and complexity of insurance fraud cases are expected to increase over the next decade, demand for insurance investigators is not expected to grow significantly, because technology such as the Internet, which reduces the amount of time it takes to perform background checks, will allow investigators to handle more cases. Competition for investigator jobs will remain keen because the occupation attracts many qualified people, including retirees from law enforcement and military careers, as well as experienced claims adjusters and examiners who choose to get their investigator license.

As with claims adjusters, examiners, and investigators, employment of auto damage appraisers should grow about as fast as the average for all occupations. Insurance companies and agents continue to sell growing numbers of auto insurance policies, leading to more claims being filed that require the attention of an auto damage appraiser. The work of this occupation is not easily automated, because most appraisals require an on-site inspection. However, employment growth will be limited by industry downsizing and the implementation of new technology that is making auto damage appraisers more efficient. In addition, some insurance companies are opening their own repair facilities, which may reduce the need for auto damage appraisers.

Earnings

Earnings of claims adjusters, examiners, and investigators vary significantly. Median annual earnings were \$43,020 in 2002. The middle 50 percent earned between \$ 33,120 and \$ 56,170. The lowest 10 percent earned less than \$ 26,680, and the highest 10 percent earned more than \$ 71,350.

Many claims adjusters, especially those who work for insurance companies, receive additional bonuses or benefits as part of their job. Adjusters often are furnished a laptop computer, a cellular telephone, and a company car or are reimbursed for the use of their own vehicle for business purposes.

Median annual earnings of auto damage insurance appraisers were \$42,630 in 2002. The middle 50 percent earned between \$34,570 and \$52,360. The lowest 10 percent earned less than \$27,410, and the highest 10 percent earned more than \$60,470.

Related Occupations

Property-casualty insurance adjusters and life and health insurance examiners must determine the validity of a claim and negotiate a settlement. They also are responsible for determining how much to reimburse the client. Occupations similar to those of claims adjusters, appraisers, examiners, and investigators include cost estimators; bill and account collectors; medical records and health information technicians; billing and posting clerks; and credit authorizers, checkers, and clerks, as well as bookkeeping, accounting, and auditing clerks.

In determining the validity of a claim, insurance adjusters must inspect the damage in order to assess the magnitude of the loss. Workers who perform similar duties include fire inspectors and investigators and construction and building inspectors.

To ensure that company practices and procedures are followed, property and casualty examiners review insurance claims to which a claims adjuster has already proposed a settlement. Others in occupations that review documents for accuracy and compliance with a given set of rules and regulations are tax examiners and revenue agents, as well as accountants and auditors.

Insurance investigators detect and investigate fraudulent claims and criminal activity. Their work is similar to that of private detectives and investigators.

Like automotive body and related repairers and automotive service technicians and mechanics, auto damage appraisers must be familiar with the structure and functions of various automobiles and their parts.

Sources of Additional Information

General information about a career as a claims adjuster, an appraiser, an examiner, or an investigator is available from the home offices of many life, health, and property and casualty insurance companies.

Information about licensing requirements for claims adjusters may be obtained from the department of insurance in each State.

For information about professional designation and training programs, contact:

- ▶ Insurance Institute of America, 720 Providence Rd., P.O. Box 3016, Malvern, PA 19355-0716. Internet: <http://www.aicpcu.org>
- ▶ The American College, 270 South Bryn Mawr Ave., Bryn Mawr, PA 19010-2196. Internet: <http://www.amercoll.edu>
- ▶ International Claim Association, 1255 23rd St., NW., Washington, DC 20037. Internet: <http://www.claim.org>

Information on careers in auto damage appraising can be obtained from

- ▶ Independent Automotive Damage Appraisers Association, P.O. Box 12291 Columbus, GA 31917-2291. Internet: <http://www.iada.org>