

THE **Equalizer**

By Zenda Douglas

It's a good time for people to review their property insurance policies and coverage needs. That's certainly the professional opinion of public insurance adjuster Wes Baldwin, who knows that the frequency of property loss is cyclical.

"We had been going through a down cycle," says Baldwin, who goes on to explain that Hurricane Katrina notwithstanding, there had been relatively few storms of any magnitude in recent years. The day-in/day-out business of property loss adjustment, notably fire and water damage, had also been down during the past several years.

"Hurricane Hugo was 22 years ago. We were overdue," he notes ruefully, citing the substantial property losses from recent Hurricane Irene and the isolated tornados in eastern North Carolina and Joplin, Missouri.

Although figures for Hurricane Irene are not yet tallied, preliminary estimates put property loss at \$10 billion or more. This year has already been the most expensive for natural disasters in the history of the world, mostly because of the costs of the March earthquake in Japan. Measuring property loss and maximizing recovery has just taken an upturn!



Wes Baldwin
President
The Baldwin Company, Inc.

Independent vs. Public Adjusters

"A lot of times people confuse public adjusters with independent adjusters," says Baldwin, who started The Baldwin Company in 1976 in Columbia, S.C. "Independent adjusters are contracted by insurance companies and do the same work as the company's own staff adjusters. Their allegiance resides with the insurance company. Our allegiance is to the policyholder," he clarifies.

Public insurance adjusters, also known as property-loss recovery consultants, work exclusively for the policyholder. Employed in an advocacy role by the insured, the public adjuster assists with every aspect of preparing and presenting loss claims and works towards the optimal settlement, or adjustment, made possible by the entitlements of the insurance policy.

Most people are only minimally aware of the provisions of their property insurance policy; most are completely unaware of requirements made of the policyholder in time of loss, according to Baldwin. They often don't realize that they have to prove the damage or loss they are claiming.

Very few know about the appraisal clause in a property insurance policy—a clause that allows either party to call in an appraiser when the parties cannot come to an agreement.

"Policies are hard to read and even harder to understand, filled with complex legal language," says Baldwin. Plus, there is a reluctance to spend time on it; most people gloss over their policies or tell themselves they will read it carefully, later.

When called to action, The Baldwin Company starts with a thorough physical inventory, analyzing the insured's loss, and conducts a word-by-word evaluation of the insurance policy. Baldwin's adjusters provide all necessary documentation of the loss, replete with values covering physical damage to the building, business interruption, additional living expenses and other expenses or losses.

Once approved by the policy holder, The Baldwin Company presents the claim to the insurance company and begins to negotiate relief on behalf of the insured. But any decision regarding final settlement figures is always made by the loss victim, the policyholder.

Timing is Everything

In the case of a loss, it is important for the policy holder to do the things required by the policy in a timely manner so as not to inadvertently negate benefits of the policy. Beyond giving immediate notice of the loss and furnishing a detailed inventory, many policies require the insured to separate damaged property from the undamaged, for example. Still, most loss victims won't automatically hire a public adjuster, waiting for a problem to surface.

"A lot of times people bring us in late in the process when they've already gone through a lot of work, lots of estimates, and the adjuster and the insured are at odds with each other," says Baldwin. "We can't always start over, but we take what they've got and document it so the insurance company will revisit their decision."

Baldwin forewarns that once a commercial enterprise or individual files a property claim, they are generally inundated with calls and letters from contractors, cleaning services, inventory specialists, as well as public adjusters.

"There's a whole economic culture out there involved in property loss." Baldwin advises victims to not sign anything or hire anybody unless they know and trust them, and to do their homework, vet the person or company and get references. In the case of a public adjuster, Baldwin strongly recommends confirming that the adjuster is a member of the National Association of Public Insurance Adjusters (NAPIA).

Baldwin also points to the stress involved with loss of one's home or business to such things as a hurricane or a fire, sometimes accompanied by the loss of life. "You don't want to make any financial decisions until you are able to get your head turned back around," cautions Baldwin.

Baldwin believes his firm distinguishes itself through its attitude. Baldwin wants the property loss victim to come out of the situation as best they can. "I learned a long time ago, if we work for the client, the business will take care of itself."

Most clients find Baldwin via the website or Internet search. The Baldwin Company does not advertise. On a rare occasion, when they approach a recent loss victim, it can make a misimpression.

"Sometimes, it hits people the wrong way, Baldwin explains. "If that happens, we back up and apologize. We want people to know that we realize they've just had one loss; we want to help them prevent having another. We are simply trying to help

members of the public receive the benefits they are already entitled to by virtue of an existing contract—their insurance policy.”

Baldwin says he strives to maintain collegial relationships with insurance adjusters, but that it doesn’t always end up that way. Some adjusters feel that they have to create an adversarial relationship just because a public adjuster is involved.

“I’m no shrinking violet,” says Baldwin. “We know what we need to do and what we can do. If the insurance company has offered \$200,000 and the insured wants \$600,000, the insurance company isn’t going to roll over just because we show up.”

When the stakes are particularly high, each party is allowed to obtain a separate appraisal of the loss and submit differences to an umpire, a court-appointed official. “This process allows some new players, some new blood, into the debate,” says Baldwin who has acted as appraiser in some situations; umpire in others.

Shouldn’t fair-minded, competent professionals come up with pretty similar appraisals? Often not, says Baldwin. It’s natural for an insurance company adjuster to lean towards the minimum and the public adjuster to pursue the maximum, and in any claim, much support can be found in the wide range of loss treatments.

“Many policies say they will ‘repair or replace with like kind and quality’ or ‘return to functionality.’ It seems simple—it’s not,” says Baldwin. “If you want to get the thing put back together as it was the day before the loss, prepare to negotiate.”

Appraisal of Charlotte

Baldwin hails from South Carolina, having graduated in 1971 from the University of South Carolina following a tour of duty in the Navy. Majoring in finance, he primarily took insurance courses. One of his favorite professors became a mentor and good friend and was helpful in guiding Baldwin to his ultimate career.

“I had tried selling insurance and found that I didn’t like the agency business at all,” recalls Baldwin. His former professor tipped him off about an open job for a risk manager with a development firm. As part of that process, a public insurance adjuster was brought on board. The experience worked out well and led Baldwin to be convinced that he wanted to get into the public insurance adjuster business.

So Baldwin started out on his own in Columbia, S.C., but his research soon led him to Charlotte. “We kept records of where losses were occurring and found that most of the commercial losses were happening between Hickory and Raleigh.” This was due to the concentration of commercial enterprise, such as textile mills, manufacturing plants and the North Carolina furniture industry, along the I-85 corridor, according to Baldwin.

“In time, there wasn’t a knitting mill fire that we didn’t get hired on,” says Baldwin.

In one of his early cases, an insurance company had offered \$300,000 for damage to a Myrtle Beach hotel resulting from Hurricane David, and it ended up settling for \$1.1 million. “Everyone was ecstatic and it really started us off,” says Baldwin.

The Baldwin Company’s biggest settlement to date came from a \$130 million claim from Hurricane Katrina which settled for \$100 million.

The Baldwin Company accepts clients with claims of \$50,000 and up. Fees are determined as a percentage of the claim and usually start at 10 percent, or lower for million-dollar-plus claims.

“I want the best for you. If it’s been a battle and things haven’t turned out the way you hoped they would, I’ve been known to change fees so that everybody can walk away in the most favorable way possible,” says Baldwin.

Over the years, things have changed. “I can’t tell you how long it’s been since we’ve worked on a knitting mill. They are just

gone—to Costa Rica and other places,” he laments. Baldwin says he hasn’t really replaced that business but referral business is higher due to the Internet. The business has also changed to include more residential claims which now make up 50 percent of contracts.

The Baldwin Company has clients across the country as well as clients who have property across the country. “I’m going anywhere someone’s got something for me to do,” he says, adding, “I like to look people in the eye.”

Baldwin also travels to fulfill his roles with NAPIA. A past President, he currently heads up the legislative committee and serves on the ethics committee. Currently, work is going on to institute public adjuster licensing requirements and standards in states that do not have them.

Retirement is not on the horizon, according to Baldwin who just turned 65. “I’m too active not to be doing something and for the most part, I enjoy this business.” Baldwin admits that many changes have occurred in the insurance industry and he, along with many of his contemporaries, are frustrated by some of the trends.

“It’s a lot harder than it used to be. Claims are harder to prove due to increasingly stringent documentation levels,” he says. “The theory today is that if you have a claim in excess of \$10 million, you need an attorney, a forensic accountant and a good public adjuster—a team working on your behalf to get what you are entitled to.”

Partially because of this, Baldwin tries to build long-term relationships with companies and individuals who own significant property so that he can help them design and maintain their property coverage.

“We treat losses as if they were our own,” shares Baldwin. “We just happen to know a lot about property insurance and have a great deal of experience in successfully facilitating claims for the insured.”

Zenda Douglas is a Charlotte-based freelance writer.

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