

10 tips for settling the contents portion of your claim

1) Get a complete copy of your insurance policy and read it! Read through your policy, not just the declarations page. Highlight and make notes regarding important deadlines, responsibilities, and coverage amounts/limits.

2) Keep a claim diary. Take and keep detailed notes of all conversations with insurance company representatives. Record their names, phone numbers, job titles, supervisor's names.

3) Check your coverage limits for contents/personal property. Your "Coverage C" limit is your starting point. This is typically a percentage of your "Coverage A" dwelling limit, unless you requested a higher or lower amount. You may have endorsements (extras) that add to your coverage. If you have "Extended Replacement Cost" coverage or inflation coverage, read your policy to see if it also applies to your contents coverage. You may have additional coverage for "scheduled" items for valuables that you paid more for and are listed separately in your policy.

4) Understand the lingo. Three important terms to know are Depreciation, Replacement Cost and Actual Cash Value.

- **Depreciation:** The loss in value from all causes, including age, wear and tear.
- **Replacement cost value (RCV):** The "new" price of what it would cost to actually repair or replace a damaged or destroyed item. Most policies these days are replacement cost policies because they're supposed to cover the cost of replacing what you have lost. To collect the full amount you're entitled to under an RC policy, you have to actually replace the items and send the receipts to the insurer with a demand for the balance they owe you. Insurers don't volunteer to pay - you insist.
- **Actual Cash Value (ACV):** The "old" price of an item as it was pre-loss, sometimes explained as the price a willing buyer would have paid you immediately before the event that caused your loss. Some policies limit payouts to ACV and that's all they pay. If you've got an ACV policy, you'll

probably need to negotiate for less depreciation to be taken on major items, but once the check is cut, that's all you will get, regardless of what it costs to actually replace what you had.

5) Set clear goals. Set specific dollar targets for your contents RCV totals and keep working on compiling the list of lost or damaged items until you are well in excess of the limits placed by your insurer (150-200%), or until you have listed every item that was lost or damaged – whichever comes first. It is common for insurers to depreciate your contents an average of over 50% of the Replacement Cost Value, so it is best to build up your total RCV as high as you can justify honestly prior to submitting your contents claim. Because many people are underinsured, if you have had a total loss, it is possible to list 200% of your limits in RCV without exaggerating or padding a claim.

6) Understand depreciation is negotiable. Depreciation amounts are subjective and very negotiable. There is no legally binding schedule or set standard for how much insurers can depreciate the value of your personal property. You may challenge the amount of depreciation placed based upon the condition or accuracy of description. This can be done by groups (furniture, clothing, kitchenware, tools), or individually by item. Ask your insurer to provide you with a copy of the depreciation schedule they use and then make your case. Particularly, look at the major items and negotiate for the full amounts to which you feel you are entitled. Extra work here can really pay off. If you can maximize your ACV, and reach your contents limit in ACV, you will not need to hurry or track your replacement purchases, but will get your full policy limit without future reporting or restrictions needed.

7) Think “Outside the Box”. There may be alternatives to the painful process of listing every single item that you lost. Your adjuster may agree to allow you to group list items (e.g. 25 men's t-shirts at @ \$25.00 each.) or use other shortcuts to prepare your inventory. Your adjuster may agree to pay you a portion or all of your available contents coverage in exchange for not requiring an itemized inventory. Pressure is mounting from wildfire survivors, United Policyholders, the [California Department of Insurance](#), and elected officials representing disaster areas to enact a legislative mandate for inventory itemization waivers.

It is rare to get a waiver of the inventory requirement, but some disaster survivors have successfully argued:

“I followed your recommendations on how much contents coverage to buy, but I'm close to my limit

already in (ACV), and I'm only halfway through completing my inventory. I shouldn't have to keep going - it's upsetting and a waste. Please cut me a check for my full limits without further documentation."

"The claim process has been a second nightmare. To avoid the further trauma of sitting down to describe all the cherished things I lost, I'll accept 95% of my policy limits for contents - less than you owe me - to save time for me and your company. I've lost everything. Please make this practical business decision."

Be sure you understand what you are forfeiting, before you make such a request! 5% of a \$300,000 Personal Property/Contents limit means \$15,000 of possible resources you will no longer have available to you.

8) Make all requests to your insurer IN WRITING. Creating a paper trail is important. Confirm agreements, disputes and deadlines in writing via letter, fax or email.

9) Ask for extensions if you need them. If you need an extension to complete your list or an extension for the time to replace your items, make the request in writing. If your adjuster says "no", don't be hesitant to go over his head and ask a supervisor. For a sample letter requesting extensions, visit our [Sample Letter and Document page](#).

10) Be patient and realistic with the content claim process.

- Listing all of your items takes time, particularly when you have been through a trauma.
- Avoid rushing into a quick settlement. It is fast, but it might minimize your claim.
- Inspect both sides of any checks received. Do not accept any checks with words such as "full," "final," or "settlement" printed on them unless you are absolutely sure the check is for the full amount owed. If necessary, ask the adjuster to issue a new payment without those words.
- Do not sign any offered waivers or releases without getting advice from an experienced attorney.

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