

Reimbursement for Claim Preparation Expenses

Listing and valuing property that's been damaged, destroyed or stolen and working with an adjuster during the claim process can cost you a lot of time and money. But unless it's a business claim, you'll have to be a good negotiator and diligent with paperwork to get your insurer to reimburse you for expenses related to documenting (preparing) your claim.

The insurance claim process after a large loss can be a full time job: countless hours at the loss site, answering questions, making phone calls and dealing with paperwork. If you're self-employed, this means you'll lose income. Time is money. And, you may need to pay hefty fees for [professional help](#) from a damage or construction estimator, air quality tester, accountant, public adjuster or an attorney¹.

If your insurer doesn't cover these expenses, you'll pay out of pocket and won't be "made whole" after your loss.

Business policies often specifically cover "claim preparation" expenses. If your claim is personal, you'll have to negotiate with the insurance adjuster to get these expenses covered. Depending on the wording of your policy, you may be able to get them reimbursed under your "Additional Living Expense" or similar type of coverage for extra expenses that are incurred due to the loss. Make sure to keep good records and present a clear request in writing that outlines time and money spent preparing your claim.

The following tips will help you negotiate with an insurer to get reimbursed for claim preparation expenses:

1. Your insurance company will not volunteer to reimburse you for claim preparation expenses. You must make the request and offer supporting arguments and documents. You're likely to get an automatic "that's not covered" response, but if you ["Speak UP"](#) and are polite but persistent, you may succeed.
2. After a loss, keep a log or diary of all activities, important conversations, agreements, etc. and save all receipts related to the damage, including those for property repairs and replacement and other

expenses. If your bank or credit card institution charges for recovery of old records, make sure you note costs you pay and keep copies of receipts.

3. If you hire professional appraisers or pay for written appraisals of damaged or lost personal property and/or estimates of the current value of items such as artwork, jewelry or collectibles, keep track of all charges incurred.

4. Keep track of the time you spend documenting your loss, including hours lost from work and decreased wages resulting from time spent meeting with adjusters, contractors, etc. The more documentation and support, the better. You'll need good records of time spent, plus proof of the hourly rate you normally charge for your work. You'll most likely have to give the insurer information about a few recent jobs to show that you would have been earning money if you hadn't had to spend time preparing your claim.

5. If you used a system to keep track of bills and costs before the loss, use that same system to record extra costs after the loss. Note costs that are related to the disaster, why they were incurred, and how they related to the disaster.

6. Get in the habit of following up in-person and phone communications with written confirmations. Emails, letters or faxes all work just fine, whichever is easiest for you. This applies to communications with representatives of the insurance company and anyone else involved in estimating your losses or helping you prepare your claim. After a conversation, send a brief written confirmation of what was discussed and/or agreed to.

7. Arguments for getting an insurer to reimburse you for claim prep expenses can include:

a. The insurer or adjuster asked or required you to do the work/incur the expense.

b. The expense had to be incurred in order for the loss to be accurately measured.

c. The insurer or adjuster changed their settlement offer based on information that you spent money and/or time providing to them.

d. The insurer or adjuster was not fully investigating your loss or making a fair settlement offer so you

had to take steps to get the job done right. Two examples:

A fire has partially damaged a home. The homeowner doesn't want to move their children back in until they're sure it's safe, so they pay for the testing and should get reimbursed by the insurer.

A tornado has completely destroyed a home. There's a \$75,000 gap between the replacement cost estimate prepared by a local builder and the insurer's Xactimate estimate. The insurer should reimburse the insured for the cost of the independent "scope of loss" that will help close the gap.

8. If the insurance company won't negotiate or pay for well-documented claim preparation expenses, consult with an experienced [public adjuster or policyholder attorney](#).

United Policyholders thanks and acknowledges the consumers throughout the U.S. who have shared their strategies on this topic and attorney volunteer Erin Kristofco with Merlin Law Group's Denver, Colorado office for generous assistance with this publication.

[1] Public adjusters and attorneys who handle your claim for a fee that's a percentage of what they recover for you will generally negotiate with the insurer to get all or a portion of their fee covered in your settlement.