

# Survivors Speak: Confused About Your Insurance Payout? So Is Your Adjuster.

Part of the [“Survivors Speak” Tip Series](#)

The “Survivors Speak” publication series offers suggestions and perspectives from UP volunteers based on their personal experiences after large losses and in their own words. The series is part of United Policyholders’ extensive library of free information. The UP library includes tips written by UP staff and professional expert volunteers and non-profit and government partners across the country.

*This publication was written by David Hughes, 2021 Marshall Fire Survivor, Louisville, Colorado*

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After my house was destroyed by the Marshall Fire, I believed that my background as a lawyer who has dealt with various insurance issues during my career would allow me to understand what payments I was entitled to, when I would get them, and why. I was wrong. More than two years have passed since the fire. I have rebuilt and moved into my house and settled my claim. I have a better understanding of how my insurer makes payments but I’ve also come to accept that the three adjusters assigned to my claim didn’t know what they were doing. At times they gave me inaccurate information, would tell me things that conflicted with their predecessor, or would lack a basic understanding of my situation or my policy. This made for lots of frustrating interactions but has also led me to the insight that I would ultimately get most of what I was entitled to under my policy with persistence and patience.

## **Taking the leap**

If you are a disaster survivor, then you will understand that stress involved in trying to make major life decisions while attempting to cope with the aftermath of losing your home and possessions. One of those big decisions is whether to rebuild. The decision would be much easier if your adjuster would (1) tell you

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all applicable limits and then give you some assurance that you will be entitled to those limits if you are rebuilding; or (2) give you a fair and accurate cost of rebuilding up front so you can compare that to the amount the builders are quoting you. Neither of those happened for me, and it did not happen for most of the Marshall Fire survivors. Instead, you are likely to get told what your limits are while also being told of the innumerable conditions that need to be met before you can get paid those limits. You are also likely to get a rebuild estimate that is way too low.

Eventually, my adjuster provided a “replacement cost value” estimate of the cost to rebuild my home. On a per-square-foot basis, it was far lower than any builder was quoting to do a rebuild of similar quality. It was also far lower than houses had been selling for in my neighborhood before the fire—even accounting for the land value. In other words, the estimate was too low. On top of that, I did not immediately receive payment for the total replacement cost value, but rather depreciation and “paid when incurred costs” were subtracted from that total. Based on the preliminary prices I was receiving from builders, this was less than half of the amount I would need to rebuild.

I decided to rebuild anyway. It felt like a leap of faith. I knew that if I didn’t get started I risked running out of additional living expense payments or “ALE.” I had to believe I would get the insurance money I believed I was entitled to—at some point.

### **Correcting the initial number**

Eventually I chose a builder. When I negotiated the contract, I included a provision that said my builder would work cooperatively with me in providing necessary information to my insurance company. One of the valuable documents my builder provided was an estimate of the cost to rebuild my previous home (which was different from the new home I was building). As I expected, the estimate was more than twice the amount of my insurance company’s original estimate. By that time, I was assigned a second adjuster and I sent the estimate to him, requesting that he increase my rebuild estimate. After some delay, the new adjuster created a new, higher estimate. It was not as high as the estimate provided by my builder, and it would not cover the cost of my new build, but it was more than \$100,000 higher than the last one. My adjuster explained that the previous adjuster had made several errors and wrong assumptions when preparing my previous estimate. I received an additional payment as a result of the new estimate, but depreciation and “paid when incurred costs” were still withheld. I raised the concern with my adjuster

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that even the new estimate he provided was lower than my insurance limits. Did this mean I could only recover the estimated cost of rebuilding rather than the limits on my insurance? My adjuster told me I could still recover my limits even though the rebuild estimate was lower. I had to continue with my leap of faith and proceed with my rebuild.

### **Show me the money**

As my rebuild proceeded, I very quickly began using up the initial “actual cash value” payment. I sent copies of the invoices I was paying from to my adjuster, and expected to hear back about additional payments from my insurer. After all, I was making progress on my build and certain categories of depreciation no longer applied. Seeing nothing, I finally asked my adjuster what else I needed to send in to get some depreciation payments. In response, my adjuster sent a check that covered some of the work that had been done by my builder, but he also explained that some of the charges I had incurred were not yet recoverable. As a result, I realized that in addition to sending in invoices, I had to keep eye on the various categories of expenses in my insurance company’s estimate. If my builder completed most or all of the items in the category, I needed to ask for depreciation payment. When I did get additional checks from my adjuster, it was sometimes clear what the check was for and sometimes not. I also had to work with my builder to get documentation that allowed me to recover my “ordinance and law” coverage. In essence, my builder had to provide a comparison between how much it would have cost to build my new house under an older building code v. newer code requirements. After much back-and-forth with my adjuster, I received my ordinance and law payment. Shortly after that, I was assigned a new adjuster.

### **Closing the deal**

When the new adjuster got my claim, he explained that my old adjuster had not done a good job of tracking what my various payments had been for. He sent me some numbers that didn’t come close to matching the payouts I received. I patiently shared the information that I’d kept on the various payments and also asked for clearer information on what he needed in order to pay additional depreciation payments I was owed. I eventually got a check for various categories of depreciation throughout the building process that apparently my last adjuster had missed or withheld. Also, unlike my previous adjuster, I did not have to actively ask for certain categories of depreciation when I sent in my monthly

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invoices. Instead, I received some checks without asking.

Eventually, it came time to pay my final invoice. By that time the payments I had made to my builder significantly exceeded the rebuild estimate provided by my builder and also exceeded the limits of my policy. I requested a final payment to my policy limits. After some back-and-forth with my adjuster about whether he had received the information he needed from my builder, I received that one last check. My leap of faith had paid off.

### **Lessons learned**

I am happily living in a beautiful rebuilt home, which was (mostly) paid for with proceeds from my insurance policy. Many times during the rebuilding process, I wondered if I was ever going to get here. It was uncomfortable and frustrating trying to figure out what I needed to do to get the insurance payments I was entitled to, but for me, at least, the effort paid off. As tough as the process was, rebuilding was the right choice for me.

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