

# A Guide to Insurance Recovery for Hurricane Damage

## Introduction and Basic Insurance Claim Tips

Hurricane Katrina caused unimaginable losses. If they impacted you and you have insurance, you're fortunate. Insurance companies have the funds to cover the claims that will be filed. But to collect what you're owed, you will need to learn some basic facts about large and total loss insurance claims. These basic facts apply regardless of whether you have a separate flood policy or are insured by a government-run insurance association.

As you begin to pick up the pieces and get on the road to recovery, insurance is a vehicle to get you back home. As long as you're thinking of your insurance policy as a car to drive you where you need to go – remember this – it's not going to drive itself. You need to drive it. You paid for it. You've got the most at stake in making sure it gets you where you need to go. So now is the time to get a basic understanding of how your insurance policy is supposed to work for you, what problems you may encounter during the claim process, and what resources there are for getting help when you need it.

We know insurance policies aren't really cars – they're contracts, and confusing ones at that. Let's get started.

### First the good news:

- You're not alone
- Help is available
- You will get through the recovery process
- Some insurers and adjusters treat their customers better than others by paying what they owe reasonably promptly
- Getting up to speed on some basic facts about the process of filing and getting paid on a large insurance claim, you'll significantly increase your odds of getting a fair and prompt settlement

### Now some not so good news:

- Large and total loss claims usually take more than a full year to get fully and fairly paid. Pace yourself. This is a marathon, not a sprint.
- Insurance companies are profit-oriented businesses – not charities or “good neighbors”. Don't confuse the ads they use to sell their products with reality. When it comes to dollars flowing back from them to you – it's all about **documentation, organization and negotiation**.
- Some insurers and adjusters will try to rush folks into fast settlements and close claims quickly without paying in full.



- There will be a lot of misinformation floating around about what's covered and what's not, and how much it should cost to repair damage.

### **And here's our news:**

To get paid fully and reasonably promptly for your insurance claims, you need to:

#### **Report a claim even if you think or have been told it may not be covered**

**It's your property and your stuff. You paid for coverage and good claim service.** If you're not getting it, be prepared to stand up for yourself. Knowledge leads to money. The squeaky wheel gets paid. Keep in touch with neighbors and trade information.

#### **Get Organized**

**The better you document your losses and stay organized in dealing with your insurance claim, the smoother the process will go. Use a 3 ring binder to keep track of the different parts of your claim and keep a CLAIM DIARY.** Take and keep detailed notes of all conversations with insurance company representatives and contractors, record dates, names, phone numbers, job titles and supervisor's names. Confirm agreements, disputes and deadlines in writing via letter, fax or email. Print out and keep copies of emails. Keep all receipts for temporary housing and repairs and items you replace and submit them to your insurer for reimbursement.

#### **Get Help When you Need it**

**If you're overwhelmed and need professional help, get it.**

Most people know nothing about insurance other than the ads they've seen, the premium bills they've paid and perhaps a "fender bender" or plumbing leak claim that got settled with no problems.

If you've lost everything and you've paid for insurance protection – get smart. Insurers are in the business of making money and just because their ads make them look like your friendly neighbors – they're not. That doesn't mean they're evil or to be feared – it just means you cannot sit back and trust them to take care of you if you want a fair shake. You need to do the work of documenting what you lost and how much its **really** going to cost to replace it – all of it, stand up for what you're entitled to, and get help when you need it.

Most disaster survivors end up knowing more about insurance than they'd ever wanted to know and they'll tell you: **knowledge leads to money**. The more you know about the insurance claim process, your rights and your options for getting help – the more your insurance policy is going to pay what it should.

Our goal is to offer the insurance advice that thousands of disaster survivors have found most useful over the past fourteen years on their road to recovery. Our organization is made up of



professionals and volunteers with many years of personal experience, expertise and first-hand knowledge.

We welcome feedback and e-mail at [info@unitedpolicyholders.org](mailto:info@unitedpolicyholders.org).

Start by reading our **Basic Tips below**. Our **Dwelling Tips** will help you settle the part of your claim that covers repairs and reconstruction of your home. Our **Contents/Personal Property Tips** will help you settle the part of your claim that covers replacement of the contents of your home.

## BASIC TIPS

### 1. NOTIFY YOUR AGENT AND INSURANCE COMPANY PROMPTLY THAT YOUR HOME IS DAMAGED OR DESTROYED AND YOU ARE FILING A CLAIM

Even if you do not carry a separate “flood” policy, or are told your damage may not exceed your deductible, you should notify your insurance company in writing that your property is destroyed or damaged and that you are filing a claim that you expect them to pay. Your homeowners’ policy should cover wind-driven rain, rain that comes in through holes in your roof or siding, and other damage caused by the Hurricanes.

### 2. IF THE INSURANCE ADJUSTER TELLS YOU THE DAMAGE IS NOT COVERED OR DOES NOT EXCEED YOUR DEDUCTIBLE – GET AN INDEPENDENT OPINION

The adjuster sent by your insurance company to inspect your home may be new on the job. He or she may not know how to look for and identify all damage and may give you wrong information about what’s covered and what’s not. Do not blindly trust your adjuster, especially if he or she tells you no benefits are owed or that the damage did not exceed your deductible. Your home is simply too valuable for you to rely on one person’s opinion.

### 3. REVIEW YOUR POLICY CAREFULLY

Locate complete and up-to-date copies of all policies on your home, property and vehicles. Look closely at your “declarations” page. This page states your name, address, policy number, categories of coverage, dollar limits, endorsements, lender, etc. Make sure you have the most current, up-to-date copy. Read the “Endorsements” (extras) that apply to your policy. Every endorsement has a code number that matches text in the policy. If you are confused, **do not rely solely on your insurance company or adjuster for answers**. Read our FAQs and consult with someone who specializes in advising or representing insurance consumers.

If you’re having trouble getting a complete copy of your policies, contact the agency in your state that oversees insurance companies:



Louisiana Insurance Department (statewide) 1 (800) 259-5300, or (225) 342-5900 in Baton Rouge.

#### **4. COVERAGE BASICS**

Many homeowners' policies have a provision that increases your coverage above the limits stated on the declarations page under certain conditions. These are called "extended replacement" or "guaranteed replacement" clauses. The FEMA flood policy does not have this provision. Your limits will be exactly as stated on the declaration page. If you don't have the coverage you were promised or that you need, you're "underinsured". It may be the fault of an agent who advised you against buying flood coverage or you may have refused an agent's recommendation. In any case, if you're very underinsured you need to get educated on your options.

#### **5. DO NOT BE PRESSURED INTO A QUICK SETTLEMENT AND DO NOT SUBMIT A CLAIM FORM THAT SAYS "FINAL" OR "FULL" UNTIL YOU ARE SURE YOU UNDERSTAND YOUR RIGHTS, YOUR COVERAGE, AND THE FULL EXTENT OF YOUR CLAIM.**

Your adjuster may try to rush you into a fast settlement. Unlike other forms of coverage, your insurance company may farm out all policy services regarding flood coverage to companies that do not even specialize in insurance. The person actually adjusting or deciding your claim may not be trained or even knowledgeable about flood coverage. He or she may tell you that damage pre-existed the flood. Don't be railroaded. Documenting a major loss to ensure a full, fair recovery requires work. Before you know the true amount of your insurance claim, you must get estimates from reputable contractors, and inventory all lost or damaged possessions. This takes time. A licensed structural engineer should fully inspect and tell you the scope of necessary repairs so you can have a reputable contractor provide an estimate based on that scope.

***IMPORTANT:*** *Because water damage impacts hidden areas, mold, mildew, and fungus may grow inside the house. Some of these can be extremely dangerous. Your insurer owes for proper clean up and generally for "abatement" of hazardous materials. You should monitor your house by having a licensed environmental hygienist test the air inside your home.*

#### **6. BE AN INFORMED, ASSERTIVE CLAIMANT**

Organize all papers related to your claim. A three ring binder with folders is generally the best system. **Keep a CLAIM DIARY.** Record the names, phone numbers, job titles, and supervisor's names of everyone you speak with, and keep detailed notes of all pertinent conversations. Take photos of the damage and keep copies in a safe place.

Communicate with your neighbors, find those insured with your insurance company and meet with them regularly to share information and ideas on securing a fair settlement. There is power in numbers.



If your adjuster is uncooperative, complain in writing to your adjuster's superiors, go as high up as you can, then register a complaint with the agency in your state that oversees insurance companies. The head of that agency is usually called a "Commissioner". The agency needs to hear about the problems people are having with their insurance claims. They may not solve the problems, and they may just "second" the insurance company's views, but they **can** speed things up. When an insurance company knows you've complained to a state regulator, they often give your claim more attention because they know you're a "squeaky wheel." Filing a written complaint makes an insurance company pay better attention to settling your claim.

If the complaint goes nowhere, and you're still having problems, contact a qualified attorney or public adjuster who specializes in representing policyholders. Make sure to read our dwelling and contents claim tips for more info on hiring the right professional help.

Louisiana Trial Lawyers Association: <http://www.ltla.org/la/> 442 Europe Street • Baton Rouge, LA 70802 • (225) 383-5554 • Fax (225) 387-1993 • [info@ltla.org](mailto:info@ltla.org)

National Assoc. of Public Insurance Adjusters 1 (703) 433-9217, [info@napia.com](mailto:info@napia.com)

## **7. BE SURE YOU ARE FULLY COMPENSATED FOR YOUR "ADDITIONAL/TEMPORARY LIVING EXPENSES" (ALE), EMERGENCY REPAIRS AND PURCHASES TO REPLACE ITEMS**

Keep all receipts for meals, lodging, and purchases to replace damaged items from the time you must vacate your home until it is fully repaired. Policies vary on how long this coverage lasts and how much you can recover.

If temporary housing is in short supply, negotiate with your insurance company to "cash out" your ALE limits and use them to buy a trailer or mobile home to live in during repairs/reconstruction. Having the ALE portion of your claim settled can save paperwork and time. You can sell the trailer or mobile home once your home is complete.

## **8. INSIST ON "UNIFORM AND CONSISTENT" REPAIRS, AND "LIKE KIND AND QUALITY" MATERIALS. DON'T ACCEPT "LOWBALL" ESTIMATES, SUB-STANDARD WORKMANSHIP OR NON-MATCHING ITEMS**

Insurance companies may pressure you to agree to their contractors' cut-rate repair estimates or short-cut repair methods. Materials costs will go up after a disaster, that's just the way of the world. Most people's homes are their biggest asset so hold out to find the right repair professional and get the right amount from your insurance company to pay for getting the job done right.

If the adjuster tells you there is no damage inside walls or flooring — get a second opinion. Push for the best inspection methods on your engineer's recommendation. Don't settle for limited testing. (For example, inspecting walls by drilling holes in them is not as good as actually tearing off the sections of the wall in areas with suspected damaged).



If you have only a partial loss and your adjuster tells you the insurer won't pay to match paint colors, roof tile materials or carpeting, argue back. In most states and under most policies you're entitled to be paid for the cost of restoring your property to a **uniform and consistent appearance**. If you didn't have two color walls or carpets before the storm – you don't have to settle for them after. If your adjuster tells you the insurance company doesn't owe to "match" in your state, check around before accepting that as true.

## **9. INSIST THAT YOUR CLAIM BE SETTLED FOR THE AMOUNT OF A REASONABLE CONTRACTOR'S ESTIMATE. YOU DO NOT HAVE TO ACCEPT THE INSURANCE COMPANY'S CONTRACTOR OR COMPUTER-GENERATED ESTIMATES**

Check with your local Building Department and use word of mouth to find reputable contractors who have experience repairing severe storm damage and doing total rebuilds. Local contractors will be in high demand and short supply. Before you hire a contractor, check their references and their standing with your State Board of Contractors. If a contractor says his work is bonded, verify that by asking to see a copy of his policy.

- a. Be skeptical of "lowball" estimates from insurance company adjusters and contractors with whom they have relationships.
- b. Avoid out-of-state, inexperienced or unreliable contractors without proper insurance of their own.
- c. If the flood made pre-existing damage worse, you're covered for the necessary repairs.
- d. Some flood repairs are expensive, especially hidden damage in walls and floors. Wet and mildewed areas can be potentially hazardous. Monitor your air after any flood, especially if you smell mold, mildew, or musky odors. You may have to fight to get the full amount of policy benefits you paid for.
- e. Don't be penny-wise and pound-foolish by refusing to pay experts to advise you on the scope of damage and cost of repairs. They will help you prove your claim.

## **10. NEGOTIATE WITH THE INSURER ON HOW THEY DEPRECIATE ITEMS AND SUBMIT RECEIPTS TO COLLECT FULL REPLACEMENT VALUE**

**Depreciation amounts are subjective and very negotiable.** Insurers may use an IRS depreciation schedule or their own schedule. It's often hard to pin down an adjuster on how they arrived at their depreciated figures. Ask your insurer to provide you with a copy of the depreciation schedule they use. **Be prepared to fight to get the full amounts you're entitled to, particularly on major items, and don't forget to submit receipts and collect your full replacement cost value after you replace items.**

## **11. DO NOT SIGN "RELEASES" OR WAIVERS OF ANY KIND OR ALLOW YOUR INSURER TO RECORD AN INTERVIEW WITH YOU WITHOUT CHECKING WITH AN ATTORNEY WHO HAS EXPERIENCE REPRESENTING INSURANCE CONSUMERS (POLICYHOLDERS)**

Read all documents carefully, including both sides of all checks, to make sure they do not contain "final" or "release" language. You should not need to sign a "waiver" or "release" to get monies owed on your claim. Your insurer has the right to take your recorded or sworn



statement if it has questions about your claim, but it makes sense for you to check with a lawyer. Signing a final proof of loss prematurely or making a mistake on tape may hurt your ability to fully recover the policy benefits you need to repair your home.

## **12. IF YOU DECIDE TO HIRE PROFESSIONAL HELP, CALL AT LEAST TWO FORMER CLIENT REFERENCES AND CHECK THEIR LICENSE, PROFESSIONAL STANDING AND INSURANCE**

For more detailed tips on the pros and cons of hiring a public adjuster or attorney, please see UP Contents/Personal Property Claim Tips #12-17.

### **SPECIAL NOTE TO LOUISIANA RESIDENTS:**

In the wake of Hurricane Katrina, the Louisiana Department of Insurance has issued three (3) emergency rules to address issues resulting from the current State of Emergency. All rules retroactively become effective as of 12:01 a.m. on August 26, 2005, and shall continue in full force and effect for the duration of the present State of Emergency proclaimed by Governor Kathleen Blanco. Emergency Rule 15 relates to cancellation of insurance policies, notification requirements, and rate increases. Emergency Rule 16 applies to the settlement and business practices of insurance adjusters and requires all public adjusters operating in Louisiana to register with the Department of Insurance. The focus of Emergency Rule 17 is the continuation of health insurance coverage and the payment of claims to medical providers. A copy of these Emergency Rules can be found on the Louisiana Department of Insurance website, [www.lidi.la.gov/HurricaneKatrina.htm](http://www.lidi.la.gov/HurricaneKatrina.htm)

United Policyholders thanks volunteers Greg Watson, (Advantage Loss Group, Inc.), and Ellen Obstler, Esq. of San Anselmo, CA. for assistance in preparing our post-hurricane aid materials.

*United Policyholders is a non-profit, tax-exempt organization founded in 1991 and dedicated to educating the public on insurance issues and consumer rights. UP empowers and unites policyholders and advocates thru information-sharing. UP publishes educational materials and serves as a resource for individual and business policyholders and residents of communities with insurance problems. UP's Amicus Project provides information to courts of law to support policyholders' legal rights. Write to UP at 110 Pacific Ave., PMB 262, San Francisco, CA. 94111, call us at (510) 763-9740, or visit our website at [www.unitedpolicyholders.org](http://www.unitedpolicyholders.org). The information presented here is for general informational purposes, and should not be taken as legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. United Policyholders does not sell insurance or certify, endorse or warrant insurance products or vendors. United Policyholders is not a referral service.*