



Insurance Document Help

The following information is general in nature and provided free of charge. We are not an insurance company, a lender, a contractor or anything other than a volunteer group that seeks to help you through this difficult time. While we believe that the info provided is true, it is based on what we've experienced while helping others like you. We do NOT in any way declare that the info below is complete, exact, or in any way is meant to give you all of the facts, it is meant just for a help and we take no responsibility/liability for anything that may or may not happen based on what this document says or what any of us tells you in person. It is your responsibility to check the facts for yourself.

There is a nonprofit group that has a lot of useful information and documents to help you through the insurance mess and can even help you with the advocacy process. You'll find it a rare occasion that the insurance companies' initial payout is what you really deserve. It is worth your while to not just take their word for it. Here is their website, <http://www.uphelp.org/>.

We've had a lot of experience dealing with insurance companies and would be happy to help you navigate through the system, including but not limited to the following:

- We can give go over the coverages that you paid for and what you should expect.
- We can meet with your adjuster on site and walk through it with you and them, or even meet them if you can't.
- We can review any documents that they give you concerning their findings, payout, etc.
- We can help you determine if what they are saying is correct.
- We can help you challenge their findings with what we discover is the truth and what should really be covered, including resubmitting an actual damages report that uses the same software that most insurance companies use.

- Once your settlement is reached, we can then help you navigate through the construction phase of your project, including but not limited to:
 - Securing the funds to do the work yourself.
 - Interviewing contractors with you
 - NOTE-NEVER give anyone any money up front until you are sure that they are who they say they are.
 - Ask for references.
 - Always work on a draw system, a little up front, then percentages given based on percentage of work completed and some held back until any inspections are completed and passed
 - Act as the GC on your project

It's important that you begin the process assuming that the insurance company will make "mistakes" with your claim. We've only seen 2 cases that the insurance company did the right thing the first time. Since there are many disasters and many who've been affected in your area and in the rest of the country, they are busy and the sooner you get on top of things the better. Waiting and assuming they will do the "right" thing usually ends up in your claim being smaller than it should be and/or taking longer to settle.

Replacement Cost Coverage:

Replacement cost coverage works the same for the home as it does for the contents so I'll explain both here in case you don't know how it works. There is a time limit on recovering depreciation to replacement value and can only be extended if the insurance company agrees to the terms in writing before the original time expires. It can be different depending on the policy and whether it is for the home or the contents so make sure you understand what your insurance company requires. This is an area where homeowners often times leave money on the table.

For contents:

If you've lost your possessions and don't already have a list of what you originally had, and who does, then having a detailed list of things you might have had is a good way to help jog your memory. Here is a link to a spreadsheet that contains a detailed list. This is not a website link and the sheet needs to be downloaded to

your computer. [Click here](#) for the sheet. There are tabs on the bottom of the sheet for different rooms and needs.

Here is an example with simple math to help you understand depreciation and replacement cost coverage. You had a couch. It was 5 years old. A couch has a 10 year life expectancy. A new similar couch cost \$1000. Your depreciated value is \$500. The insurance company gives you \$500 for your depreciated value. You now can do whatever you want with that \$500, including pocketing it and not buying a couch, maybe someone donated one to you, used or brand new! The only way to get back your replacement value is to purchase a new or used couch for more than \$500, but your limit for reimbursement is a total of \$1000. So say you purchase the new similar couch and it costs \$1000. You turn in your receipt and you then get a replacement check for another \$500. If the new couch you buy costs \$750, then you will only get another \$250 in your replacement check. Final example, you purchase a new, nicer couch for \$1500, then you turn in your receipt, you only get another \$500 back because that is all a replacement couch for what you lost cost. Insurance companies often times use standards for determining original value and average time used to determine replacement and depreciation value. If you happen to have some way to prove what you paid, what you had and when you purchased the items, it will help, but you can still fight them for their initial findings as long as you are within the limits of your policy. Determining the depreciated value of your item would be the same whether you have replacement cost or not.

For the structure:

Most insurance companies use an industry standard quoting system called Xactimate. A lot of reputable contractors use the same software. While different contractors are able to charge whatever they want, there are industry standards for everything and that is all that the insurance company is required to pay. This doesn't mean that if you had solid oak kitchen cabinets that they only pay for fake wood replacements, it is an industry standard to charge the same amount of labor and materials for the same item.

Using their software the insurance company will give the homeowner a "Summary or Proof of Loss" statement. Included in this statement should be a cover page often times involving a written summary of the findings and it will give you the overall payment structure. Then it will list room or elevation, each

separately, with a detailed list of what is being repaired/replaced. Most then breakdown each trade for instance what the total paint payout is, drywall total, etc. It will also break out the "GC" charge, etc. The written summary of the payout will list damages to rebuild and among other things subtract depreciation and deductible if applicable.

So for our example let's say you have a \$1000 deductible and it is determined by the software that the loss is \$200,000. They figure your depreciation at \$100,000. Without any of the other extras to keep it simple, your check is for \$99,000, depreciation value minus your deductible. The statement will also list that the recoverable depreciation is \$100,000. Once the work is completed, your contractor would then get the recoverable depreciation value check of \$100,000. If you decide to do the work yourself, it gets complicated, but you can still recover most if not all of your replacement cost. Remember there is a time limit on getting this back and just like contents, this is a huge area where money gets left on the table.

Insurance companies will assume average things and average life used for everything unless you confront them about things that you know they are wrong on. It is probably a good idea to look at what they are paying for compared to what you originally had. Remember though that you can't exceed the policy limits and replacement costs will take you over your base policy limits, but there is also a limit on replacement cost coverage. If you didn't have enough insurance coverage for what you actually had in your home, it is not the insurance companies' responsibility to pay more than the coverage you paid for.

The "proof or summary of loss" sheet will often times not include everything. A good contractor knows how the "insurance/mortgage system" works. Unless you have reached your policy limits, there is still the possibility for them to get more money for "hidden" and/or "unknown" damages and/or things that the adjuster "missed". There is an exact process that must be followed and your contractor must follow this procedure and the insurance company should pay for these repairs. You should never agree to just have them fixed and to pay for them and deal with the insurance company yourself, it is the contractors responsibility. In most cases the loss payout includes a "GC" or "supervisors" fee to oversee the project on larger jobs and this is what contractors are paid to do. If your contractor is not willing to do this type of stuff, is not willing to work

within the "insurance/mortgage" system, requires you to pay money up front, etc, then you should find another contractor who can best help you to get your home rebuilt/repaired for the least amount of money, deposits, time involved by the you, the homeowner, etc. I can't tell you how many times we've seen homeowners get ripped off by contractors so be very careful. If you choose a contractor and end up not getting the work done, the insurance company is not responsible to pay you again.

There will be many cases where you are getting repairs done on your homes for things that weren't caused by the disaster. This is common in these situations and sometimes a smart move on your part. For instance, the storm damaged the front part of your roof. The roof is 25 years old and really needs to be totally replaced. The insurance company may only pay for the front and you may be responsible for the rest, it wasn't storm damage and the insurance company is paying for what you paid them to cover. Most contractors will try to talk you into doing more than what the insurance pays for. If it is storm damage, then the contractor needs to follow procedure and get the damages fixed. If the repairs are maintenance, then the homeowner is responsible to pay for them.

After most disasters many skilled volunteer groups show up to help. They often times get involved in cases like this as it totally makes sense to replace the whole roof. You can purchase the materials with the insurance money and volunteers can do the work for free. This doesn't always happen and would need to be discussed on a case by case basis depending on other factors such as income, etc.

If you've lost your entire home and have full coverage insurance with replacement cost coverage, then your insurance is supposed to cover the complete demolition and removal of the old home including the foundation. It will also pay for a new foundation. There are limits in policies, but because it is totaled, there are extras that go beyond the value of the original home policy. These "extras" pay for demo and a new foundation, etc. There can also be extra allowances for debris removal. If a volunteer group does work on your home, the insurance company is still responsible to pay you this money. You can use it for other things, donate money to volunteer groups, etc. Also, if your roof was penetrated and you tarped it, insurance companies pay for that. Typically a whole house roof nets \$500. Again, it doesn't matter who does it! Just take pictures!

Any building, structure, etc that is not attached to the home and a fence, etc is only covered if you have Appurtenance and/or "Other" Structure Coverage. Most of these will have low limits. A garage that is attached to the home is part of the home coverage. If you have a swimming pool, trampoline, etc and didn't tell the insurance company, then they probably won't cover any damages done to it, but it never hurts to push!

Trees/Landscaping:

Tree damage is only covered if the tree falls onto a covered piece of property such as your home, driveway, etc. Most times the coverage is only to remove the tree from the covered structure, not necessarily to haul the tree away. Otherwise trees and landscaping are rarely paid for by your insurance company. This is another area where volunteer groups are willing to help. Also keep in mind that if you have a trampoline, added a swimming pool, shed, fence, etc and didn't declare it to your insurance company, they may not cover any damages, including tree/debris removal involving these areas.

Debris Removal:

Many times local communities also take care of removing debris that is put near the street, especially if they receive FEMA money. If you hire a contractor, the government is not required to haul any debris away. It is the responsibility of the contractor and they are paid to do it so make sure that they do. It is also important to sort debris via building materials, vegetation, electronics and chemicals.

Bringing Your Home Up to Current Code:

You may have O/L (Ordinance/Law) or ICC (Increased Code Compliance) coverage on your home. If your home has more than 50% damage the government may require that your home be brought up to current codes. This is what this coverage covers. Most policies that have this coverage have 10% of your base policy, which is over and above, to cover this. Some governing bodies require that everything be brought up to code and some just certain things. If you are building a completely new home, this can mean extra money that goes towards

the rebuild. There are policy limits on this and this is above and beyond the above mentioned coverage.

Adjusters:

These days very few adjusters work directly for insurance companies. Most insurance companies farm out their adjusting work to companies that handle this. Then a lot of the adjusters that inspect your home are sub-contractors for the adjusting company.

The “in-the-field” adjuster reports their findings to an in-house adjuster who then takes over your claim. They too rarely work for your insurance company, but usually work directly for the adjustor company, but not always.

The in-the-office adjuster typically takes your case over and becomes your liaison between you and the insurance company. Remember though that all of these people report to and get paid by the insurance company, in most cases, they do NOT represent you and/or have your best interest in mind!

DOCUMENT EVERYTHING:

It's a great idea to document every communication with your insurance company, adjuster, etc. Do as much through email, record phone conversations, keep voicemails, texts, etc. It is always best to ask for a confirmation email on everything that they discuss with you. A paper trail is always a good thing! Don't wait until your months down the road without getting anywhere with your claim. If you're having issues with your claim, then you should begin contacting your state's insurance regulating office and then copy them on all communication you have with your insurance company/adjuster. These can vary by state and let the insurance company/adjuster know that you're copying them on all the communication between you and the insurance company/adjuster.

I realize that this is a lot to understand especially on top of all that you're going through from the disaster itself. Feel free to reach out to us for any clarification and help through this process.