

Claims

101

Begin With The End In Mind

Education Series

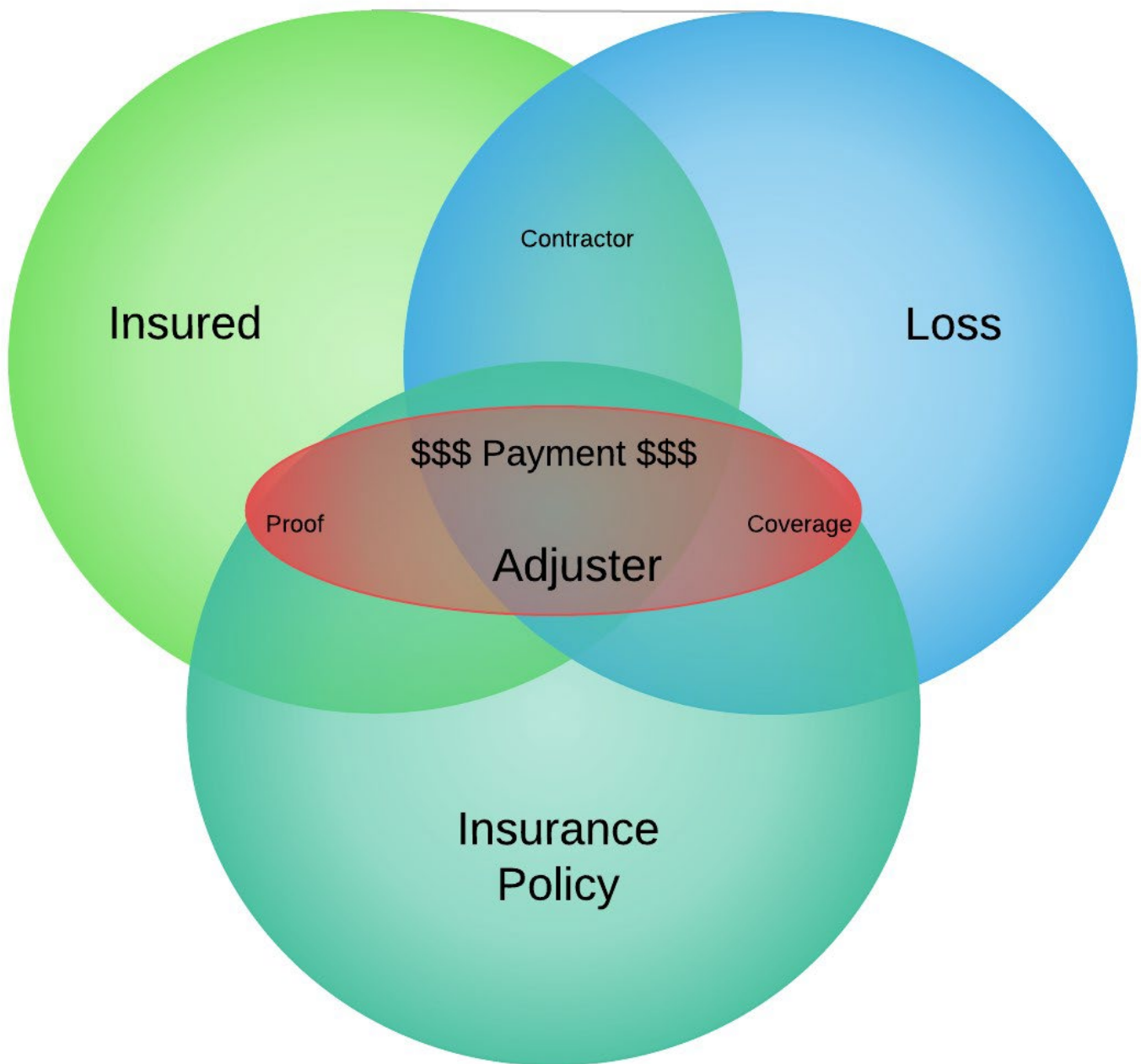
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Begin With The End In Mind

Stephen Covey

Property insurance claims are the product of an insured who, having purchased a policy, sustains damage to the property referenced in that policy.



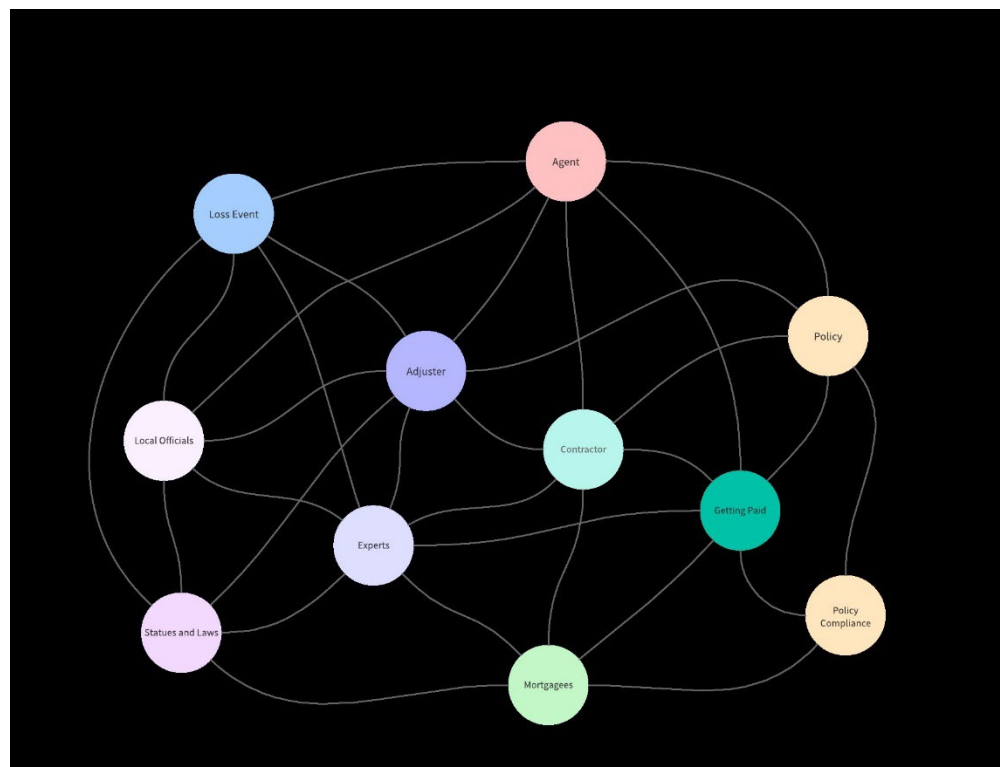
That, however, is only the beginning. Once property damage occurs and the insurance company is notified, other parties become involved. A claim is created, and an adjuster is assigned to “adjust” that claim on the insurance company’s behalf. If all goes well a payment is made by the company which is sufficient to pay for the repairs to the property, with the insured having only to cover their deductible. When claims do not go well, untold aggravation ensues.

What accounts for claims going well verses those that do not? In a word **knowledge**.

For many people the claims process is a jumbled mess inside a black box. Because they do not understand the process, they abandon the claims adjustment to the insurance adjuster and hope for the best. If the adjuster is experienced and free to adjust the claim this can work and does work to the satisfaction of the insured.

A better option occurs when the adjuster is experienced and free to adjust the claim AND the insured actively participates in that adjustment. There are several reasons why you want to be proactive in the adjustment process. First, you have the burden of demonstrating to the insurance company the damaged property and its value. This valuation of damage is also known as the loss. Within the context of insurance, a loss is the insured’s financial impairment that occurs because of damage to their property.

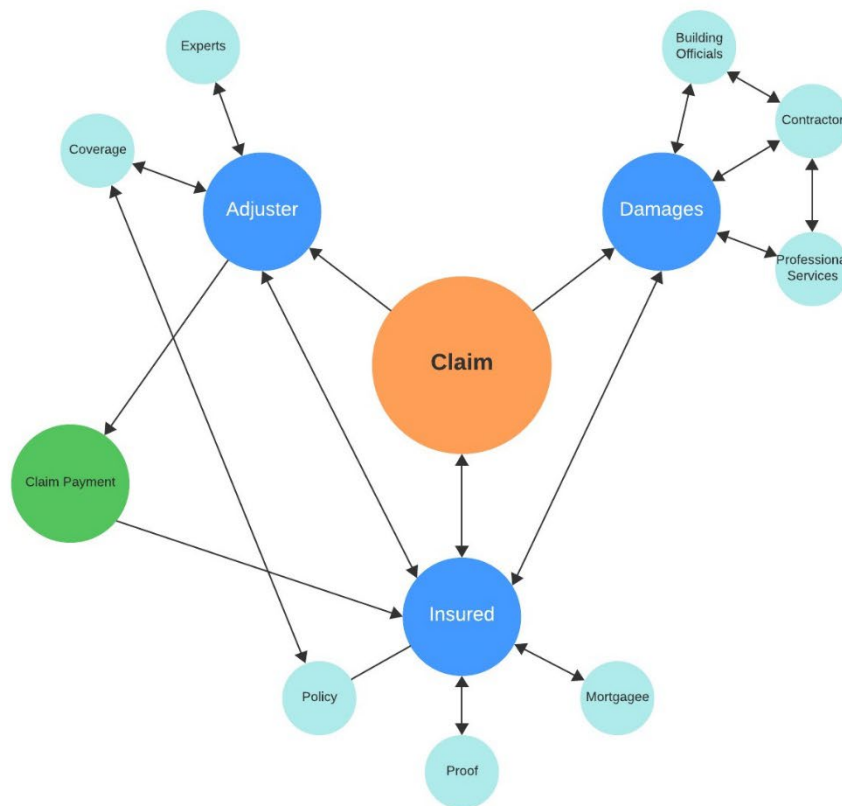
A second reason you want to be proactive in the adjustment is because you know your property better than the adjuster and being proactive enables you to show that property to the adjuster and explain the nature of the damage if that damage is not apparent.



A third reason you want to take a proactive role is to ensure that you receive all of the benefits you are entitled to under the terms and conditions of the insurance contract.

As you start to educate yourself and take a more proactive role in the adjustment of your loss you find the jumbled black box mess becomes increasingly organized. This

guide will greatly assist you in both understanding the claims process and determining what benefits you are entitled to receive.



Let's begin with the fundamentals, starting with what is an insurance claim?

The claim is a demand for payment made against a policy of insurance. A claim is made by (or on behalf of) the insured.

The party making the claim has the burden to prove the claim's value. There is no one way to prove a claim's value, although most of the time it is demonstrated by providing estimates, invoices and receipts.

Property insurance policies usually take two forms: Open Perils (aka All Risk) and Named Perils (aka Basic and Broad Form Coverage). Basically, the difference between the two types of policies is this: in an Open Peril policy everything not excluded is covered and in a Named Peril policy nothing is covered unless it is named. Note: most homeowner policies are a combination of these two policy types. The dwelling and other

structures are covered on an Open Perils basis and the personal property is covered on a Named Perils basis.

A deductible is an offset to benefits that is the responsibility of the insured to cover. The purpose of the deductible is to prevent claims for all losses since the loss must be greater than the deductible before any payment obligation on the part of the insurer arises.

Every state has statutes pertaining to insurance. You will want to become familiar with the statutes in your state as they govern the insurance process, the claims process and the conduct of adjusters among other issues.

Your property has been damaged. What do you do? First, stop the damage from getting worse. That may involve calling the fire or police department, or a plumber, or a roofer. What you do is damage specific, but understand the policy requires you to take steps to prevent the damage from getting worse. **NOTE: MANY POLICIES PLACE SPECIFIC LIMITS ON THE AMOUNT OF MONEY AN INSURANCE COMPANY WILL REIMBURSE YOU FOR OUT-OF-POCKET MITIGATION COSTS WHEN THESE COSTS ARE INCURRED WITHOUT THEIR KNOWLEDGE AND CONSENT.**


The next step is to notify the insurance company of the damage and if additional mitigation is required discuss that with the company at that time. Follow up that conversation with a letter memorializing its substance. Also, use this letter to request a **Certified Copy of The Policy**. The policy contains all of the terms and conditions of the insurance contract, and you need this document to ensure you comply with these terms and to understand what benefits you are entitled to receive and when those benefits are payable. Also request a copy of all forms the insurance company will require for you to complete your claim.

One thing to keep in mind: insurance claims involve money. There will be companies that are looking to provide services and repairs in exchange for a portion of the insurance proceeds. Do not mindlessly enter into agreements without understanding the services and repairs being offered.

A proactive insured will then begin to compile a list of all the property that is damaged on a room-by-room basis. This list should be segregated by dwelling, other structures and personal property. A copy of this list should be given to the insurance adjuster during their inspection.

You should also take photographs. When taking photographs start with overview photos. Stand in one corner of the room and take a picture of the opposite corner and move your way around the room from corner to corner taking photographs. Next, take photographs of the damaged property with sufficient context that someone looking at that picture can determine what they are seeing. For example if

a sofa is damaged your photo should show the whole sofa. Lastly take close up photographs showing the damage. This process should result in overview photos, close view photos and close up view photos.



NOT EVERY CLAIM GOES SMOOTHLY. SOMETIMES SIGNIFICANT DISPUTES ARISE THAT REQUIRE YOU TO SEEK PROFESSIONAL ASSISTANCE. E.G. PUBLIC ADJUSTERS, ATTORNEYS ETC.... THE PHOTOGRAPHS AND LISTS YOU MAKE EARLY ON IN THE CLAIM TELL A STORY. THE BETTER YOU TELL THAT STORY, THE BETTER THE OUTCOME IN YOUR DISPUTE.

The list and your photos are the first step in proactively determining the cost to repair or replace your damaged property.

The insurance adjuster will take photographs, draw diagrams, make lists, prepare estimates and so on. Give a copy of your list to the adjuster and copies of any receipts for emergency repairs. Try not to give original documents to the adjuster. If that is unavoidable, be sure to make copies. A lost original without a back up copy is money down the drain and generally not recoverable.

You do not have to give the adjuster your photographs, unless they ask for them. Again, be sure to make a copy.

Next, you need to obtain repair estimates, replacement quotes for personal property and other documentation necessary to prove your loss. It is not necessary to obtain multiple bids for repairs or replacements.

A repair contractor is one of the most important decisions you will have to make in your recovery from the damage. Choose wisely. Poor or shoddy repairs last a long time and can cost you dearly. Check references and if possible, inspect other jobs the contractor has worked on. Visit their office, look in their vehicles. Messy offices and cars imply how the contractor will approach your job. Check the Better Business Bureau, do a search online. Remember, it's your home, your money and you will be living with the repairs a long time.

Mortgage companies have an interest in the insurance claim for the dwelling and other structures. They likely will be named as a payee on the check. Be prepared for this. Mortgagees also have their own policies and procedures that you and your contractor will have to comply with. Contact the mortgage company sooner rather than later to find out what these policies are.

If you're behind on your mortgage think about contacting an attorney for legal advice on how to proceed.

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Email: admin@sasclaim.com