

Claims 101

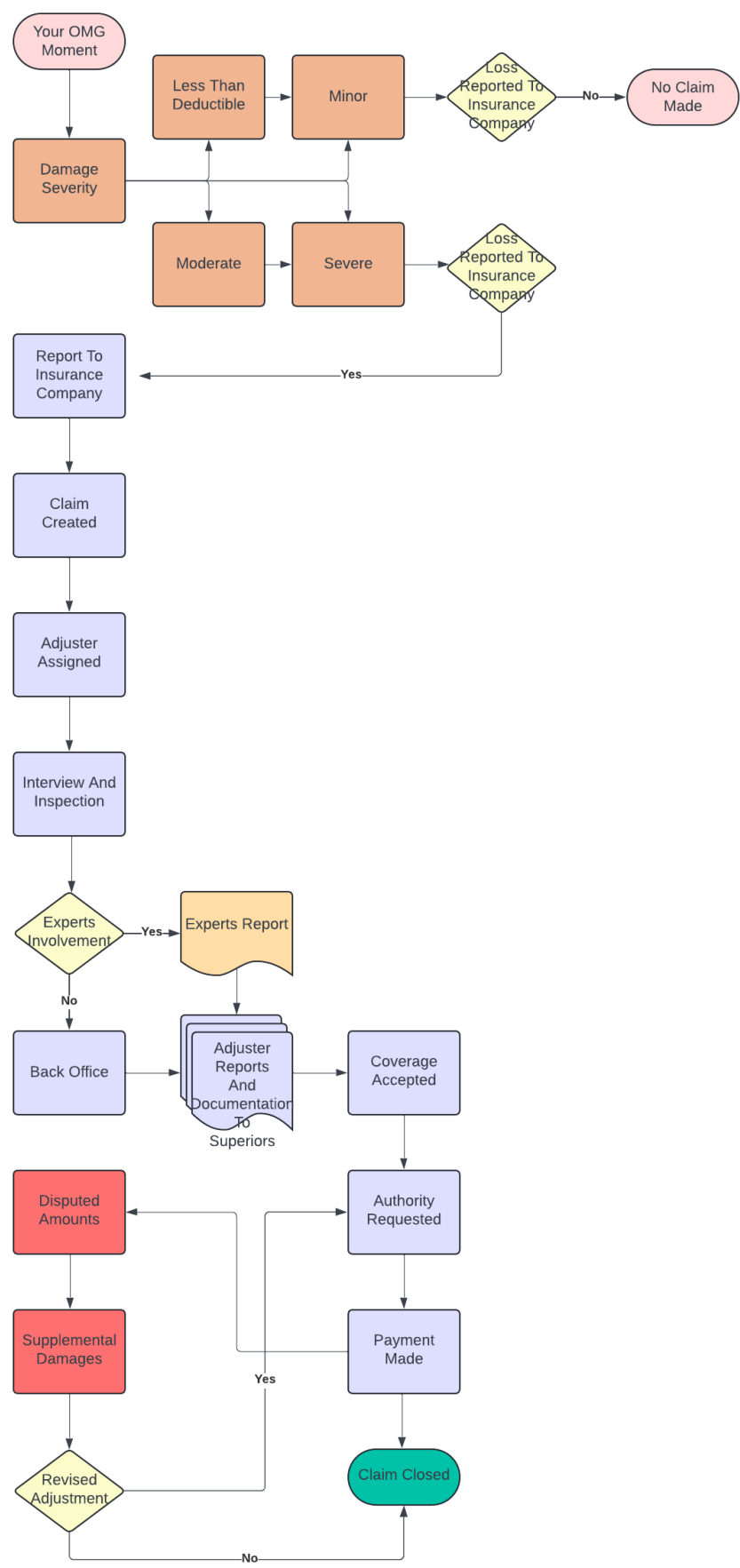
What To Expect When You Make A
Claim

Education Series

 **Strategic *A*djusting *S*ervices, Inc.**
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Claims Process Overview



OMG

Your OMG Moment

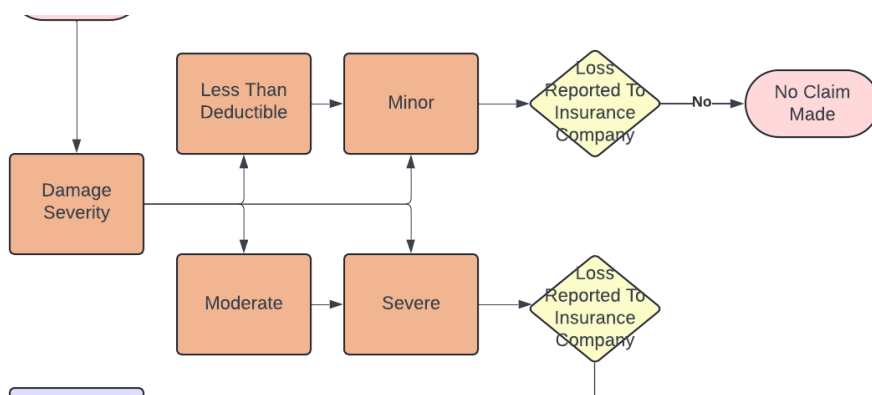
My client smelled smoke. They had finished dinner and were enjoying a glass of wine when the smell became noticeable. After looking throughout her house, my client got to the door that opened into the garage. When she opened the door smoke came pouring into the kitchen. Panic set in.

If you're anything like my client and most people are, you are not prepared for any kind of unexpected catastrophe. Even hurricanes, which allow us days of warning, catch us off guard when faced with the destruction they cause.



Your life transitions from order into chaos in a matter of minutes, hours, or days. But you have insurance, so all's well... maybe. We are not going to cover the maybe here, rather we are going to talk about the process of claims.

Ask Yourself Do I Really Want To Make A Claim?

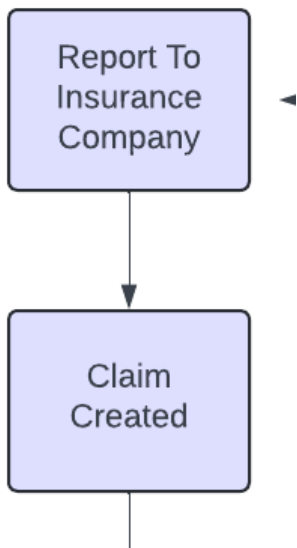


Your first step, following “Your OMG Moment” is to protect the property from further damage. Then you should evaluate the extent of damage. Making a claim for minor damage today can result in significant

repercussions. Your insurer may significantly increase the price of your policy or worse not renew it at expiration. If the damage is close to your deductible or relatively minor and can be repaired using your own money without undue financial hardship, not making a claim may be the best option for you in the long run.

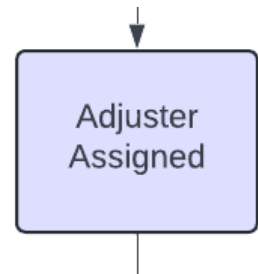
The stuff has hit the fan, you have taken steps to stop the damage from getting worse and have decided to call your agent or call the company and report the loss.

So, what happens next?

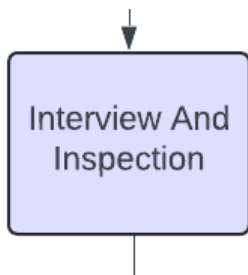


The first thing that happens is that the insurance company creates a claim and assigns a claim number. While there is a technical definition of a claim, for your purpose a claim is simply the vehicle the insurance company uses to collect and organize information about what happened and through which payment is made. A claim number is the organizational system that assures all the information about your loss is collected in a single place: the claim file.

An adjuster is then assigned to the claim. The adjuster is the eyes and ears of the insurance company. And they are responsible for collecting facts and identifying the circumstances that gave rise to the creation of the claim. They will also determine the extent of damage and determine the minimum amount of money the insurance company is obligated to pay.

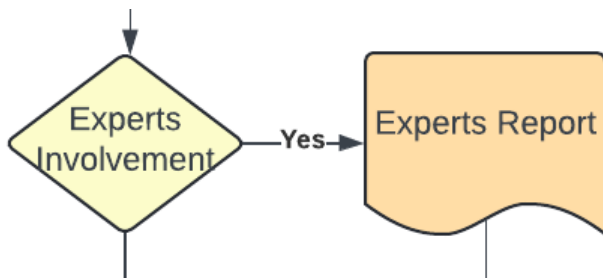


How is this done?



The exact process is claim specific. But generally, the adjuster will want to interview you to get your testimony concerning the facts that lead up to the loss, what you did to stop the damage from getting worse, a general description of the damage and background information concerning other interested parties such as a mortgage company. This interview can be in person or over the phone.

The adjuster will need to inspect your property. They will take photographs, draw diagrams, take field notes, collect invoices or receipts for emergency repairs made and assess the need for experts to assist with the investigation.

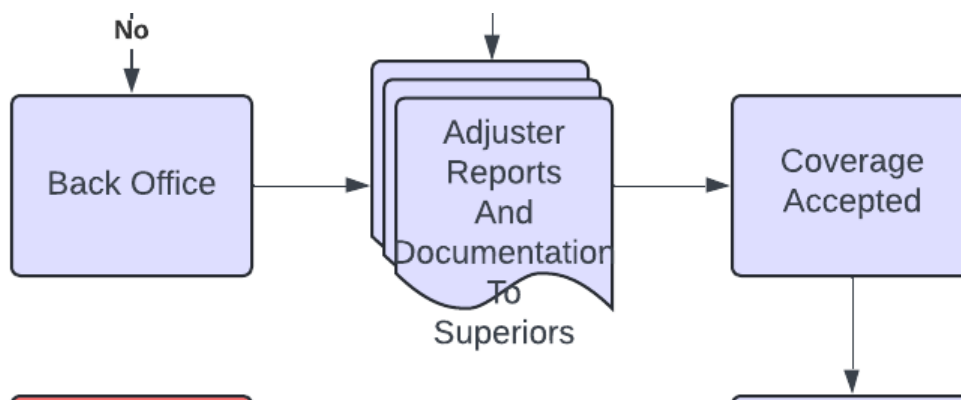


The use of experts generally requires higher level approval, and you will not know of their involvement for several days. It is important that you do not clean up or make repairs until the insurance company has concluded their investigation. The

exception to this is additional emergency repairs to protect and preserve your property. These repairs should be discussed with the adjuster in advance of their being made.

The involvement of experts, whether they be origin and cause investigators, engineers, contractors, or others will add weeks to the adjustment period. As frustrating as this is, you must practice patience. Becoming belligerent, argumentative, or combative will not result in your claim being adjusted any faster.

Why is nothing happening?



Behind the scenes and out of sight, the adjuster is busy, They are waiting for reports from any experts called in to assist with the adjustment, preparing their estimate of damage and claim reports to their superiors. This takes time. Most insurance companies have diary systems that predefine when reports are due, and adjusters adhere to these guidelines. Sometimes these guidelines can result in a claim moving at a snail's pace because reports are due every (say) 30 days. An outside report may come in and since the adjuster has other reports that are due sooner the received report gets put on the back burner.

One way to know if this is happening is if you get requests for information at specific intervals, with no contact in-between.

At a certain point the company will accept coverage and recognize the need for payment.

When do I get paid?

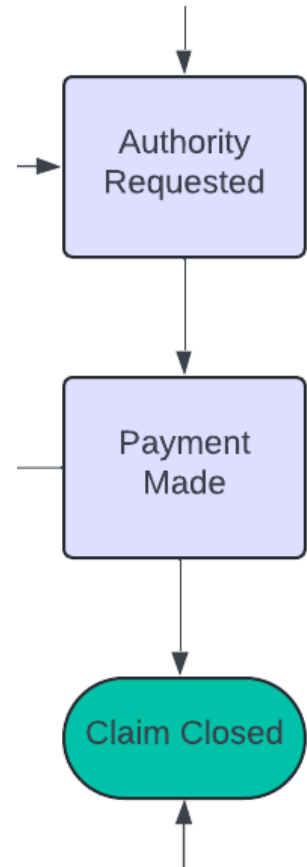
Most adjusters possess what is referred to as settlement authority. This is usually expressed in round numbers: \$5,000, \$7,500, \$15,000 etc... A claim whose value is within the adjuster's settlement authority can be paid without authorization from higher ups in the company. However, if a claim exceeds the adjuster's authority, by even a penny, authority must be sought from a superior. This process can take several days depending upon the claims value. This is because at each level of authority the person reviewing the request must review the file and offer their recommendations concerning the appropriateness of the money being considered.

Writing up authority requests can be arduous for an adjuster depending upon the company requirements. An adjuster may be tempted to try and settle the claim within their own authority so as to avoid having to write the request and forward it up the chain.

A sign of this is the attempt to settle the claim for a whole dollar figure, say \$5,000 or \$7,500 when the claims value is more. Don't accept such a settlement and demand to see the supporting documentation used to justify the offer of settlement.

Once the authority is extended, the claim is paid, and the file is closed.

What happens if I disagree with the amount offered?

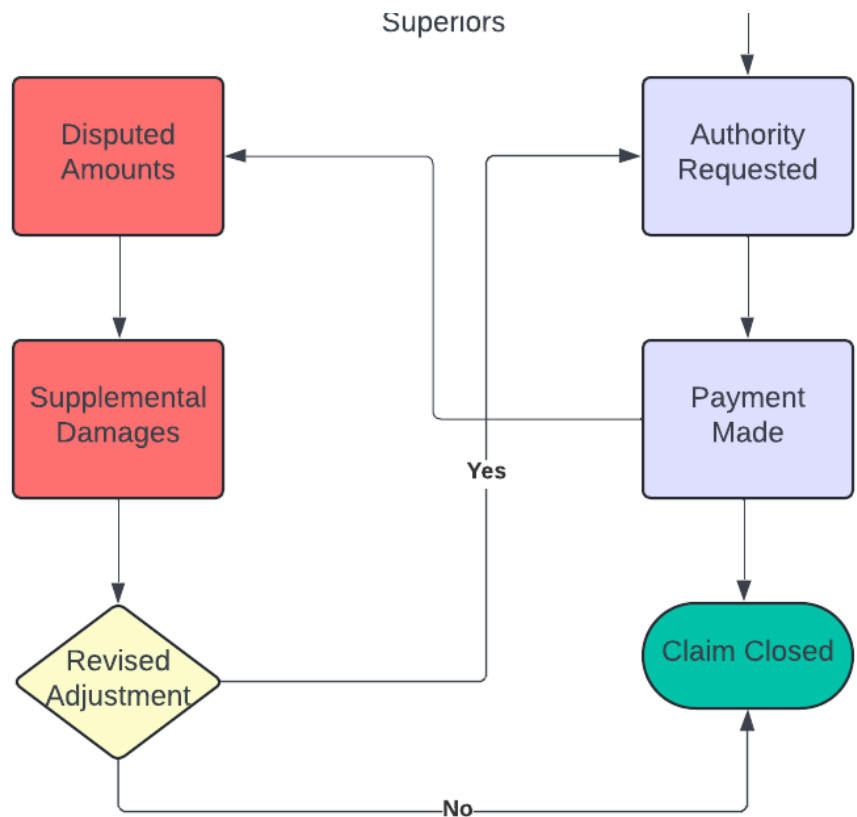


Insureds may find the insurance company's offer to settle insufficient to effect repairs. When this happens asking for more money will not necessarily result in your getting more money. However, do not fail to take the money being offered, unless it is contingent upon a release. Signing a release will extinguish the claim and you should speak with an attorney before agreeing to such a condition.

Generally speaking, if you disagree with the company's assessment of the value of the claim, the burden of proof is on you to demonstrate to the company the claim's value by providing them with estimates and invoices. After doing this you should expect the adjuster to reconsider the claim's value based upon your documentation and if they agree with your position the claim will have to go back through the authorization process for additional monetary authorization.

At this point an additional payment will be made and the claim reclosed.

By now you should have an idea of the claims process. Your claim may be much more involved than this example, but this is generally how it works.



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Email: admin@sasclaim.com