



# SUCCESSFULLY NAVIGATING YOUR HOMEOWNERS INSURANCE CLAIM

 **GLOBE MIDWEST  
ADJUSTERS INTERNATIONAL**

**Stuart Dorf, JD**

# CONTENTS

Introduction	<b>3</b>
Aim for the Maximum Financial Recovery	<b>4</b>
First Steps to Limit Your Damages	<b>5</b>
What Your Homeowners Insurance Policy Covers	<b>8</b>
Avoid Common Mistakes & Delays	<b>9</b>
Actual Cash Value Negotiation Tips	<b>10</b>
Hidden Damage	<b>11</b>
Professional Help Options	<b>12</b>

**Disclaimer:** Property insurance policies vary from insurance company to insurance company and property insurance laws vary in each state. This information is not intended to constitute legal advice and should not be relied upon in lieu of consultation with appropriate legal advisors reviewing your particular insurance policy in your own jurisdiction.



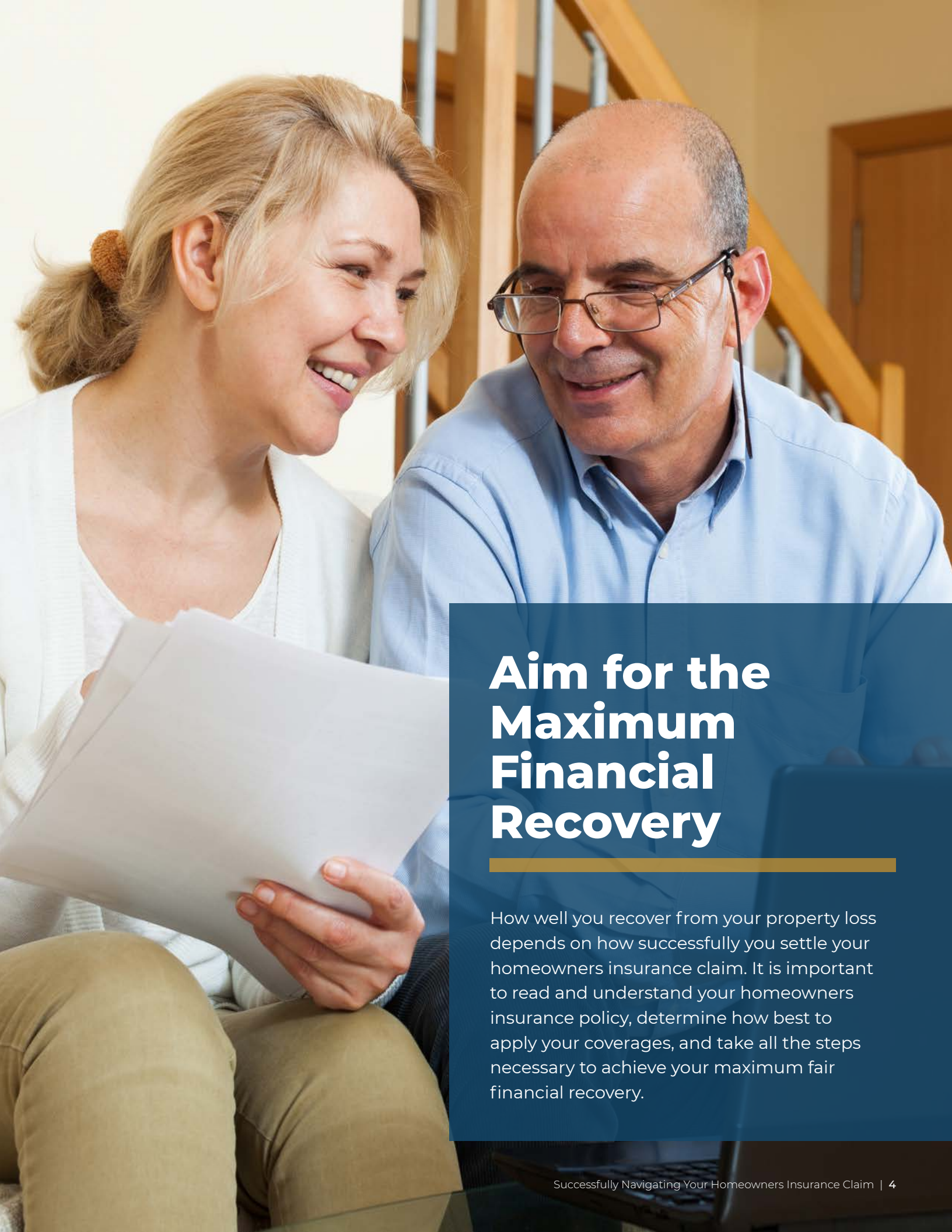
# INTRODUCTION

**W**hen your home is damaged by a fire, water, wind or other disastrous event, navigating the insurance claim process to your most successful settlement can be an overwhelming task. Eventually you will find the right repair professionals, and your restoration process will become the focus of a joint effort.

You also will work with your insurance company's claims adjuster or other insurance company employees assigned to your case. While independent and company claims adjusters have the experience and obligation to make your claim experience fair and efficient, always remember they work for the insurance company, and not for you.

**As an insurance company adjuster is inspecting your damage and investigating your claim, his or her focus typically is on a narrow range of outcomes:**

- ✓ Documenting covered damages and estimating repair costs
- ✓ Determining cause and origin, and assessing the claim for fraud
- ✓ Minimizing the total claim settlement amount



## **Aim for the Maximum Financial Recovery**

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How well you recover from your property loss depends on how successfully you settle your homeowners insurance claim. It is important to read and understand your homeowners insurance policy, determine how best to apply your coverages, and take all the steps necessary to achieve your maximum fair financial recovery.



## First Steps to Limit Your Damages

Your homeowners insurance policy includes a detailed process you will use to make a claim for your property damages. The larger your loss, the more complicated the process. Be sure you start and stay organized, as you must be your own advocate at each step of the claim process.

Make sure to:

- Photograph all damaged items
- Save all receipts



## Mitigating Your Damages

The first step in making a claim for your damages is to ensure no additional damage occurs as a result of the original loss. The Neglect exclusion in your policy eliminates coverage for damage caused by your failure to “... use all reasonable means to save and preserve property from further damage ...” It’s a no-excuses exclusion, as your policy pays the expense to complete temporary emergency repairs. Your insurance company may deny coverage for any damages you fail to mitigate.

Before you begin any emergency repairs, make certain your building is safe to enter. Check with your utility companies and the fire department to be sure your property is free from electrical, fire and other hazards. If your interior is water-soaked, be cautious with fans, heaters and other electrical devices.

### Here are some additional recommendations for mitigating your damages:

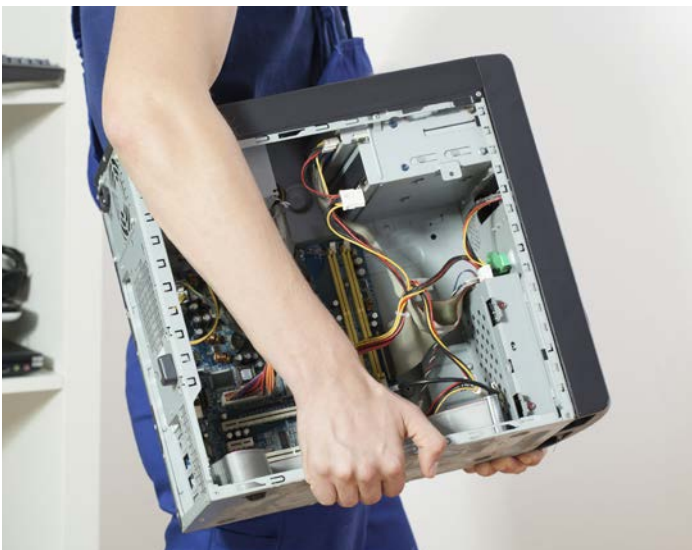
- ✓ Immediately hire a reputable contractor to complete temporary emergency repairs to prevent additional damage. Be sure contract is limited to emergency work only.
- ✓ Dry out floors, walls and water-soaked personal property.
- ✓ Separate damaged from undamaged items to prevent further damage.
- ✓ Mitigation can be very expensive. Limit mitigation to only work that is absolutely needed until you get agreements from your insurance company that they will pay.

## Filing Your Claim

Your homeowners insurance policy requires you to give your insurance company “prompt notice” of your loss and a brief description of the damage. Your initial report may be to your agent, your insurance company’s claims center, or a toll-free claim reporting number. It may contain only basic information, but your contractual obligation is to notify your insurance company “as soon as possible.”

## Preserving Your Property

Be sure no one removes anything — damaged or not — from the premises until cleared to do so by your insurance company. Your policy allows your insurance company’s claims adjuster the opportunity to examine your loss. A representative will alert you when that examination is concluded, and you can get started with clean up. Be sure to photograph all damaged property before it’s disposed of or removed.



### Undamaged Property

Your homeowners insurance policy requires you to protect any of your property not damaged in your loss. Failure to take appropriate protective measures can compromise your property claim settlement amount.

As a damaged building is vulnerable to trespass, vandalism, and other illegal activities, property left in place remains at risk. Relocating your undamaged property to storage or to your temporary housing may be your most prudent option. Keep detailed records and receipts for these costs, as your policy will reimburse you for covered expenses.



### Damaged Property

Use extreme caution when handling your damaged property, especially if it was damaged by fire or water. These types of losses put property at risk of chemical toxicity, mold, and bacterial contamination. Typically it is best to hire a professional for Debris Removal, which also is covered by your homeowners insurance policy.

# What Your Homeowners Insurance Policy Covers

Interpreting the language in an insurance contract can be challenging for a non-insurance professional. It's important to develop your understanding of key policy provisions or have access to an insurance professional who can explain the legal terms and phrases you don't understand. Your insurance agent may not be your best resource for an unbiased opinion.



## Policy Provisions

The Declarations Page in your homeowners insurance policy summarizes all the coverages you purchased. It outlines your policy period, coverage limits, named insured, property descriptions and locations, lien holders and mortgagees, deductibles, optional coverages, and endorsements. It also shows the coverage you have for your premises, your personal property, and any other covered items.

The Additional Coverages and Coverage Extensions in your policy provide coverage for claim-related expenses, such as Debris Removal and Fire Department Service Charges.

When you elect to pay an additional premium, your policy also can include optional coverages for expensive jewelry, high-tech equipment, other structures, etc., which otherwise may be excluded from your coverage.





# Avoid Common Claim Mistakes & Delays



When you are trying to recover from severe property damage, it's easy to become frustrated with the insurance claim process. Proceed with caution. The sense of being overwhelmed can lead to common mistakes and delays.

## Failure to Protect Your Property

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No matter how chaotic things are, you must arrange for emergency temporary repairs — or risk having parts of your claim denied. For example, if your contents are damaged because rain entered a hole in the roof that was caused by a fire, your claim for damages to your contents may be denied due to your failure to protect your property by having roof tarped in a timely fashion.

## Failure to Submit a Timely Proof of Loss

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Even if you can't submit a perfectly executed Proof of Loss, you still must get it in by the deadline set forth in your policy. Your insurance carrier will send you a Proof of Loss form. Complete it and triple-check all the information, as mistakes here typically are costly. Submit your Proof of Loss in accordance with your insurance carrier's procedures and timeline, and include all supporting documentation. Failure to file a timely Proof of Loss

causes many homeowners insurance claim delays and in some cases denial.

## Settling Because You are Tired of the Process

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Never accept a settlement offer because you are frustrated, confused, or the claim process has worn you down. Ask for help when you need it, from a trusted friend, family member, or an experienced property insurance claims professional, like a licensed public insurance adjuster.

## Receiving a Claim Denial

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If your homeowners insurance claim is denied, your fight isn't necessarily over — though it will intensify. Read the claim denial letter your insurance carrier will send you. It will explain the reason they denied your claim. Sometimes you can correct the problems, but an official homeowners insurance claim denial is serious. This is definitely the time to consult with a professional.



## Actual Cash Value Negotiation Tips

Actual Cash Value (ACV) is the value of your personal property at the point it was damaged in your loss. This is a number your insurance company's claims adjuster will present to you as a meticulously calculated value based on an accepted formula:

Replacement Cost Value (RCV) - Depreciation = ACV

An adjuster will tell you the number is derived from computer programs and property life-expectancy tables that are continuously updated and used as the industry standard to establish depreciation. Practice these words: bull pucky.

There is NO universal standard for calculating ACV. And it is an area where you could lose a lot of money if you simply accept what is offered to you. No matter how an adjuster makes a case for depreciation or ACV, it is just his or her opinion. It's up to you to develop enough information to establish a reasonable value for your property. Here are a few arguments to consider.

- ✓ If your property is rarely used, depreciation shouldn't be typical.
- ✓ When property is well cared for, it's worth more.
- ✓ Your property values are higher when you can establish a higher market value via research, want ads, trade websites, expert opinions, even eBay.
- ✓ Photos show your property's excellent condition.

# Hidden Damage

When a covered loss causes hidden damages that may be overlooked, it can cause more damage, increase your damages down the road, and trigger a dispute with your insurance carrier. As it's your duty to protect and preserve your property, it's in your best interests to hire a professional to detect and resolve hidden damages as soon as possible.

## Lead & Asbestos

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These hidden substances can remain undetected until a catastrophic loss uncovers them. Lead can be found in pipes and aging paint. Asbestos may be located within walls, and in attics and crawl spaces. Both can cause serious injuries and may require specialized abatement procedures before other building repairs can begin.

## Smoke & Soot

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During a fire, smoke and soot permeate your home, and leave behind an acrid odor and a dark residue. When they soil furnishings, carpeting, flooring and walls, it's easy to recognize the need for immediate cleaning and treatment. If smoke and soot enter vents, ducts, interior walls and crawl spaces, or they settle into the inner-workings of appliances and electronic devices, they might be overlooked.

An environmental professional can inspect areas of concern and determine if soot and smoke-damaged property

can be salvaged or must be replaced. They rely on a variety of techniques to eliminate smoke, soot and odor, though not all items can be cleaned effectively.

## Mold

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Mold grows in dark conditions, thrives when moisture is available, and can be difficult to detect. Left unabated, mold spreads quickly, destroying fabric, wood, drywall, and other organic materials. Certain types of mold can cause serious illnesses. Homeowners insurance policies usually exclude coverage for mold damage, or offer very low limits for addressing it, adding urgency to the need to uncover and address any mold issues right away.

## Electrical Wiring & Insulation

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When damage is extensive, it's easy to miss problems that are hidden within your walls. Damage in one location of your building can affect the wiring in other areas. Insulation can be damaged by a fire department's efforts to extinguish your fire.



## Professional Help Options

You need to know what's going on with your homeowners insurance claim, but you also need to work toward getting your life back to normal. When your time and energy are being stretched to the limit by an extensive to-do list, you might consider hiring a professional to manage your homeowners insurance claim.

## Public Insurance Adjuster

Licensed public insurance adjusters are insurance claims professionals who are trained in insurance coverage, building damage, personal property damage, restoration issues, and all other facets of homeowners insurance claims. Public adjusters perform many of the same tasks as an insurance company's claims adjuster, but everything a public insurance adjuster does is exclusively on behalf of you, the policyholder, to protect your interests in your property damage insurance claim.



### Public insurance adjusters work to:

- Review your policy to identify all available coverage as well as potential concerns
- Work directly with your insurance company so you can get your family and work life back to a normal and stable environment
- Identify damages to the building and prepare a detailed repair estimate
- Inventory and value damaged personal property
- Assist in recovering your additional living expenses
- Provide valuable guidance for meeting all policy requirements when making a claim
- Ensure you meet claim deadlines
- Assist you in completing a timely Sworn Statement in Proof of Loss
- Work to resolve any coverage issues
- Negotiate the maximum settlement possible under the terms of your homeowner's insurance policy

## Make an Informed Choice

It's important to have all the information you need to make informed choices throughout your homeowners insurance claim process. The more you know about the insurance claim process and the requirements placed on you, the better positioned you will be to achieve a fair and full settlement for your loss.



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248-352-2100

**MICHIGAN OFFICE**

400 Galleria Officentre,  
Suite 101  
Southfield, MI 48034

**ILLINOIS OFFICE**

500 N. Dearborn St  
Suite 310  
Chicago, IL 60654