

COMMON QUESTIONS REGARDING FIRE CLAIMS

I've had a fire. What do I do now?

Call your insurance agent immediately. If you cannot reach your agent, most insurance companies have a toll-free number that can be called 24 hours a day. If you get a recording, make a note of the day and time that you left a message. When you speak to an agent, write down the claim number and the name of the adjuster assigned to your claim. Ask for a copy of your insurance policy, even if you think you have one, because policies change from year-to-year.

What should I do after I've notified the insurance company and before the adjuster arrives?

Secure your property if firefighters have finished their work. A fire contractor (sometimes referred to as a "fire chaser") may appear on the scene, even while the firefighters are still present, and offer to temporarily board up your house. The fire contractor may also try to get you to hire him to do the actual dwelling repair.

Before you commit to having any work done by the fire contractor, ask if the contractor is bonded and whether the contractor will agree to accept the reasonable value placed on his services by the insurance company. Do not sign any agreement with any contractor to do the actual dwelling repairs until after you have consulted with the insurance company.

What will happen when the insurance adjuster arrives?

An insurance adjuster is responsible for assessing the damage to your home for the insurance company. The adjuster will take a recorded statement from you, give you an advance so you can buy new clothes, set you up in a rental unit if your house is unlivable, and generally explain the claim process.

Ask the adjuster for a complete copy of your insurance policy since the policy sets out "the rules of the game." Also ask for a copy of your recorded statement and a written list from the adjuster of what steps you need to take to move the claim forward.

What does my homeowner insurance policy cover?

All homeowner policies cover loss by fire. Most policies pay for three types of damage: (1) dwelling loss (damage to the house); (2) personal property loss (damage to your household contents); and (3) additional living expenses (the cost of living elsewhere while your home is being repaired).

How is my loss measured?

Most homeowner policies are written on a replacement cost basis, which means that the loss is measured by the amount of money it takes to repair the house or replace the damaged personal property. Some policies are written on an actual cash value basis, which means that the insurance company pays the depreciated value of the damaged item rather than its replacement cost.

Who determines the amount of my loss?

Most insurance companies will prepare a dwelling repair estimate and then provide it to you to forward to a contractor of your choice. The contractor may write his own estimate and negotiate with the insurance company for more money. Some insurance companies have their own list of preferred contractors, and will guarantee their work.

Most companies require you (the insured) to prepare your own inventory of damaged personal property, and will not provide any assistance other than giving you blank forms to complete. You can complete the forms yourself, but it is a lengthy and time-consuming process.

For an extensive fire loss, it may be worthwhile to hire a professional appraiser or a public adjuster. Some insurance companies will prepare a list of the damaged personal property for you and assign replacement costs and actual cash values to each item, but these lists are likely to be incomplete and the values may be too low.

If you allow the insurance company to tell you the amount of your loss, you will probably end up with less than what you are entitled to. Insurance companies are not usually generous in evaluating your damages.

Will the insurance company provide me a place to live?

Yes. All homeowner policies provide for ALE (additional living expense), also called loss of use. This is usually defined as the increase in your expenses necessary to maintain your customary standard of living. For short stays, a hotel may suffice. But for serious fires that will take many months to repair, an insured is entitled to rent a house or apartment in order to more closely mirror the premises that were damaged by the fire. This includes rental of contents, including furniture and televisions.

I have a friend who is a contractor. Can I use him to repair the fire damage?

Maybe, but fire restoration work is different than general construction, so using a contractor with no fire restoration experience has some drawbacks. First, the contractor must know how to write an insurance estimate, which is much more detailed than the estimates provided by most contractors. Second, the contractor must be familiar with Xactimate or some other estimating program used by insurance companies in your area.

Third, the contractor must know how to scope fire restoration damage; that is, he must know what needs to be repaired, what can be cleaned, and what needs to be replaced. Smoke damage is sometimes difficult to assess, and experience helps. Fourth, the contractor must know how to play the “claims game.” Contractors who deal with insurance companies on a regular basis know the tricks of the trade; others may learn the rules of the game at your expense. Fifth, the contractor must be reputable, bonded, and have references. Ask if the contractor is on the insurance company’s list of approved contractors, and what his experience is with fire insurance claims.

Finally, understand that YOU hire the contractor to do the work, not the insurance company adjuster. You do not have to use the contractor the adjuster recommends, but you should at least consider them. You control who does the job and when the contractor gets paid. Do not automatically relinquish control to the insurance company’s adjuster.

What is a public adjuster?

Public adjusters are specially trained professionals who are licensed by the state. They represent policyholders only, as opposed to the insurance company adjusters who work only for the insurance company.

Public adjusters are trained to prepare dwelling damage repair estimates and to value damaged personal property. They are generally knowledgeable about the terms, exclusions, and conditions contained in a typical insurance policy, although they cannot offer legal advice.

They generally work on a contingent fee basis; that is, for a percentage of the amount recovered. Public adjusters sell their services by purportedly leveling the playing field so that you have a knowledgeable person working on your behalf, just like the insurance company.

They usually can increase the value of your claim more than enough to justify their fee unless your loss is clearly in excess of policy limits. Even then, an insured is still required to prove the amount of the loss, and insurance companies will not usually simply write a check for the limits until proof is presented.

Do I need a lawyer?

Not usually, but every claim is different. When the insurance company investigates the cause of the fire because it suspects that the fire was intentionally set (incendiary), then the need for legal help increases. Consider at least talking to a knowledgeable fire insurance lawyer if the fire department has labeled your fire incendiary or even suspicious. As the old proverb goes, an ounce of prevention is worth a pound of cure.