

## Ten Insurance Claim Mistakes Policyholders Should Avoid



**"Don't allow the insurance adjuster to unfairly depreciate the amount of your claim."**

The no name storm in Tampa has caused widespread water and flood damage in the St. Petersburg and Tampa area. Now that cleanup has begun, many residential and commercial policyholders will submit either a flood (if you have flood insurance) or water damage insurance claim. Make sure you understand the difference between the two before you file. The public adjusters at Tutwiler & Associates urge policyholders to take the proper steps to protect their claim and avoid settlement problems with the following 10 tips.

1. Do not go back into your home or mitigate damage until you know it's safe to do so. If returning to your home after a power outage, do not turn on the power right away, especially if your home has been flooded. Have an electrician check the dwelling first to ensure it is safe.

2. Don't make permanent or emergency repairs until you have documented the damage. Then mitigate your loss to prevent

any further damage from occurring. Your insurance policy requires this and this is your responsibility. And don't throw away any damaged materials until the insurance adjuster has seen them and inspected your property. You do not want to prejudice the investigation of your insurance claim. While you are expected to take reasonable steps to prevent further damage from occurring, we often see policyholders rush to "repair" the property only to bring the actual damages into question. In some cases you are harming your claim by simply eliminating the evidence. So take pictures!

3. DO NOT sign over your claim to a contractor or restoration company. This is sometimes called Assignment of Benefits. Carefully review the restoration contractor's Work Authorization Form and do not authorize any repair work until you get approval from your insurance carrier or adjuster. If no approval is agreed upon, your insurer may refuse to pay and you may find yourself saddled with a VERY BIG BILL. You can have a restoration company clean-up the immediate mess after an agreement, but you are not required to have them also do all the repair work. This is very important as you want to make sure you are in control of your insurance proceeds so they are not going directly to your contractor. If you do sign a contract with a contractor, it should be for Emergency Services ONLY and your adjuster should agree to pay for them IN WRITING. Otherwise, you could be signing your claim directly to the contractor and you will never see a dime of your claim settlement.

4. Don't feel forced to use the contractors your insurance company recommends. They are referred by the insurance company for a reason, which is to keep the costs at a minimum. When insurers hire contractors based on cost only, you may not get the quality restoration work you require. If they get continual work from the insurer, their priority will be to keep them (not you) happy. Get independent estimates for the repair work. It's your property and you should control who does the work and the quality of the work.

5. Don't forget that ALL damage repair estimates should include an additional 10% for Overhead and 10% for Contractor profit. That extra 20% should be added as a standard on all estimates. Check for the "10 & 10" on the totals page of your insurance estimate.

6. Don't believe it when a contractor says they can handle your entire claim. By law, Florida contractors are not allowed to negotiate an insurance claim for you, only present an estimate to the insurance company. Public adjusters and attorneys are licensed to negotiate claims. Contractors are also not licensed or trained to interpret insurance policies and adjust a claim. If they do have a public adjuster on staff they are not allowed to both adjust and repair the claim as this is considered a conflict of interest.

7. Don't allow the insurance adjuster to unfairly depreciate the amount of your claim. Remember, these amounts are negotiable. For example: If it costs \$5K to replace your sofa and it is five years old, don't let your insurance company pay you \$2,500 (50% depreciation) if your belongings are in good condition. The most they should take is 15% and reimburse you \$4,250.

8. Don't allow restoration companies to cart out your belongings without a detailed itemized list of belongings. Take pictures of the process. Expect to be charged storage fees and remember that some items can be restored while others that could harbor mold are cheaper to replace than cleaning. Remember, storage and cleaning costs reduce your policy limit and coverage amounts. Wouldn't it be cheaper to go out and buy new items rather than cleaning damaged clothes and personal property which may not ever be fully restored to their pre-loss condition?

9. Don't be afraid to ask your insurance company for an advanced payment for any undisputed amounts until an agreement can be reached on the rest of your claim. This will help you get repairs started and avoid heavy out-of-pocket expenses. Take extensive photographs of all the damage, and keep all your receipts and documents, as well as records of conversations with the insurance company.

10. Don't wait too long to file your claim or respond to insurer inquiries. If you have a flood loss or your insurance company sends you a Proof of Loss Form you have 60 days to submit your entire claim. If not, and you do not get an extension, your claim could be void.

Be proactive but patient and remember that filing an insurance claim is a process. Things may not happen as fast as you'd like. Hire the right professionals to help document your loss and damages. If you feel overwhelmed or intimidated by the process or feel your insurance company is not offering a fair settlement, consider hiring a public insurance adjuster to help with your claim. Public adjusters are typically compensated for their time with a small percentage of your recovery, typically no more than 10%. Often times the public adjusters are able to recover their fees by identifying legitimate claim amounts the insurance company failed to offer and negotiating an increase in the settlement amount. Studies have shown that policyholders who use a public adjuster receive increased settlements above the insurance company's original offer.

If you have questions regarding any property insurance related issues caused by these storms please [submit a question](#) to one of our insurance claim experts. As always, the professional public insurance adjusters at Tutwiler and Associates are here to help with any questions you may have.

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