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The 10 Biggest Mistakes you could make after the Fire is out!

1. Rush to accept a settlement offer to “put it all behind you.”
2. Failure to understand the rights and limits specified by an insurance policy.
3. Reliance on insurance professionals as your only source of information.
4. Failure to request an extension for filing of a claim.
5. Keeping inadequate records of communications.
6. Not adequately documenting extent and nature of real property damage.
7. Not adequately documenting extent of personal property loss.
8. Giving up possession of original documents.
9. Going it alone.
10. Failure to check references.

1. Rush to accept a settlement offer to “put it all behind you.”

The process of disaster recovery takes time, if the property owner is to fully recover what has been lost. For many, however, there is a natural tendency to want to just move forward with life. A settlement offer quickly made and quickly accepted may seem like a way forward, but it’s not. Disaster victims commonly report remembering lost items two and three years after the event. Disaster victims, who hastily accept a final settlement,

surrender their right to recovery before they understand the full extent of their loss. It is recommended by many that you not sign anything until you have fully reviewed your rights and documented the loss.

If you receive a check from your insurance company for living expenses, you should be very cautious in signing any other release documents. **You could be signing away your rights!** Some will say that you should not sign anything. Another recommendation that has been made is to write a limiting statement on the check itself. Just above your endorsement signature on the back of the check, you might include language like, “This represents a *partial payment* for damages sustained.”

2. Failure to understand the rights and limits specified by an insurance policy.

Who actually reads their home insurance policy...before they need to? Most of us review our Declaration Page (“Dec Page”) which lists the policy limits and other dollar amounts, but the Dec Page explains very little about the exact nature of the contract. For example, the Dec Page may state coverage for structural damage is for the replacement value. But what does that mean? Some policies cap the replacement value at the policy limit. In other words, you would be entitled to the replacement value up to the policy limit. Other policies, on the other hand, define replacement value as the true replacement value regardless of policy limits. The point is this: **YOU need to read and understand your insurance policy.** Insurance companies are required by law to provide you with a copy of it should have been lost.

3. Reliance on insurance professionals as your only source of information.

There is no insurance worker that completely shares the property owner’s concerns, regardless of his or her good intentions or level of professionalism. Often, though, disaster victims, in a desperate and unfamiliar situation, look only to their insurance company for advice. While insurance professional will provide useful information, *have to become the authority.* The good news is that there are a number of independent resources willing to help (look for listings below). But the thing to remember is this: protecting your rights is a mindset. You have to take responsibility for managing your rights. Verify everything through independent sources.

4. Failure to request an extension for filing of a claim.

Most insurance policies impose a two-year time limit for filing a claim. The clock usually starts on the date of loss. While this may seem like quite a bit of time to some. In reality, it’s not.

For example, let’s say a fire victim’s house is only a partial loss – the garage and living room are destroyed, but the rest of the home and the foundation are undamaged. Over the next two years, the homeowner relocates to a rental home, gets the family settled in and

prepares to rebuild. Construction plans are drawn, permits are requested and construction begins at the beginning of the third year. On further inspection, however, it's discovered that the existing foundation, while undamaged, is not up to current building code standards and must be replaced at a cost of many thousands of dollars. If the two-year time limit has expired without extension, the homeowner will have forfeited his right to file a claim.

It is recommended that you file a written request for an extension of filing a claim **immediately**. Survivors of previous fires agree that this is the first thing all disaster victims should do. Assume that you will need to file an amended claim into the fourth year. You must, **protect your right to file a valid claim**.

5. Keeping inadequate records of communications.

It's said that a fool waits for the first rainy day to shop for an umbrella. Likewise, it's foolish to begin document communication after something has gone wrong with a claim. In the best of circumstances, conversations are forgotten, letters get lost in the mail and claim files get reassigned to different members of the claims staff.

The responsibility to prove up what has been said goes to the party with the most to lose: the insured. Survivors of previous disasters recommend these steps:

- Get a communications journal or diary and **log every communication** you have with your insurance company – phone conversations, letters received, letters sent, emails, everything. The journal entry should include the date, time, who the parties to the communication were (include name and professional title), and a brief summary of the communication.
- Get an accordion folder and **save copies of everything**. Keep all the original letters in here, those sent and received. Print out all emails and keep hard copies here.
- When sending letters to your insurance company it's recommended that you **send three copies**: one to the claim adjuster, one to the adjuster's boss and one to your agent. Keep the original letter in your files and document the correspondence in your communications journal. The bottom of the letter should include a "cc:" note, listing all of the parties who received a copy.
- **Verbal negotiations and agreements should be documented with a confirmation letter to your insurance company**. For example, say you have a conversation with your claims representative regarding the limits of the "Like and Kind" provision of your policy. In this conversation, the claims person assures you that your reimbursable housing expenses will include rental of a house with a swimming pool because you had a swimming pool at the insured property. The follow up letter would restate this understanding. The follow up letter should close with an "assumed-accurate" statement that requests correction of any misunderstanding in a timely fashion: "if corrections of any of the foregoing are not received in the next 30 day, I will assume that everything stated here is accurate and binding."

6. Not adequately documenting extent and nature of real property damage.

Filing an accurate claim begins with an accurate documentation of what was lost. Regarding real property, your home and all permanent fixtures such as sheds or swimming pools, *it is critically important that you document all loss before clearing the lot*. You should consider two aspects: (1) structural and geological damage; (2) feature and material loss. So, what does that mean?

Structural and geological damage refers to all of the engineering and construction aspects that will be required to restore the damaged structure to its previous condition. This should be undertaken by a competent engineering firm, such as Kadtec (www.Kadtec.com) which will perform a site survey and report that will document the structural and geological damage.

Feature and material loss refers to the character and quality of the construction prior to the damage. The types of flooring, countertops, plumbing and fixtures should be documented whenever possible. One method of documenting feature and material loss is to sift through the remnants of the structure and video tape any evidence. Save bits of tile, metal or any other materials that can be salvaged in a plastic bin as further evidence of loss.

7. Not adequately documenting extent of personal property loss.

Documenting personal property loss can be excruciatingly difficult. Who can document all of their personal possessions from memory? Fortunately there are a couple of techniques that can help you get a good start.

Community Assisting Recovery (www.CareHelp.org) has put together an excellent spreadsheet that lists thousands of the most common items and serves as a checklist that will calculate dollar values for lost personal property. The spreadsheet can be found at <http://www.carehelp.org/downloads/handouts/PPInventory.xls>.

A second method which has been quite useful for past disaster survivors involves using store registry and scanning technology. The process works like this. You go to a large department store such as Target and create a registry account. Then using one of their scanners, you browse all the aisles of the store identifying the items that you owned, scanning the UPC code for each. When finished, you can get a print out of all the items in your personal property inventory along with the replacement cost of each.

8. Giving up possession of original documents.

Courts give great value to original documents. Courts give little value to copies of documents. *Never give away your original documents*. If your insurance copy requests a document from you make and give a copy to your insurer. Keep your original safe.

9. Going it alone.

There are a number of private and public service agencies that can provide a wealth of information on insurance and disaster recovery matters:

- Community Assisting Recovery (www.CareHelp.org)
- United Policy Holders (www.unitedpolicyholders.org)
- California Department of Insurance (www.insurance.ca.gov)

10. Failure to check references.

Disasters tend to bring out the best and the worst among us. Before engaging any builder or other professional to repair damage to your home, ***check their references!*** This includes the status of licenses as well as getting references from previous clients. Contractor licenses can be verified through the California Contractors State License Board (www.cslb.ca.gov). Reputable builders will be able to provide references to other clients who can attest to the quality of their work. You may also check with the Better Business Bureau (www.bbb.org) to see if there is a pattern of complaints for a particular business.