

Filing Your Home Insurance Claim

Every year insurance companies pay more than \$75 billion in claims resulting from losses suffered during fires, hurricanes, robberies, dog bites, falls and other incidents. The trauma of a burglary or severe damage to your home is stressful enough without having to worry about your insurance claim.

This following information, prepared by the Independent Insurance Agents of America (IIAA), is designed to help you understand the claims process. Your independent insurance agent will be there to ensure your claim is handled promptly and fairly.

Where Do I Start?

There are two basic types of claims. The first involves loss or damage to property such as your home or your possessions. The second type is a liability claim which arises when someone else suffers an injury or damage to their property because of something you did or did not do. For example, if someone falls while visiting at your home, you could be liable for any injuries that may have occurred. Liability claims may result in a lawsuit against you.

On The Home Front

If you own your home, chances are you have a homeowners insurance policy. Homeowners insurance covers damage to your property--structures and your possessions--within specified limits. This coverage extends to possessions that you carry for personal use when you travel. You usually have coverage for damage to both structure and personal property caused by:

- Fire or lightning
- Windstorm or hail
- Explosions
- Riot or civil commotion
- Aircraft
- Vehicles
- Smoke
- Theft or vandalism
- Falling objects
- Weight of ice, snow or sleet
- Freezing of a plumbing, heating air conditioning or other such household system.

If you should experience damage from an above listed caused, you can make temporary repairs (e.g., to the roof) to prevent further damage to your property. Remember to keep all receipts for the insurance company, and do not sign any deals with contractors or lawyers until you have spoken with your independent insurance agent.

Suitable Coverage

Unfortunately, there are other risks involved in everyday living besides loss or damage to your property. That old tree you kept meaning to remove may come crashing down during the next storm right on your neighbor's garage. Or that pesky skateboarding teenager down the street may pick your sidewalk to have a spill and break a bone.

If you find yourself involved in a situation where you may be held liable, it is important to notify your independent insurance agent. You may talk to the skateboarder's "nice" parents or with your neighbors, but leave the insurance discussion and negotiating up to the professional. For several reasons, the first conversation you have about the incident should be with your independent insurance agent.

Chances are your policy includes a stipulation that the insurance company be notified promptly. Plus, in chatting about the situation you can inadvertently waive some of your rights in the case. More importantly, by inviting the insurance company in early in the process, the company can sometimes offer an early settlement that avoids a lawsuit. After all, the insurance company has a team of experts--claims adjusters, appraisers, lawyers, and medical experts--who have probably been down this road before and know exactly how to get mutual satisfaction for both sides without straining neighborly relations.

That's It?

No. There are additional coverages such as flood and earthquake damage for your home. In fact, just about any contingency can be covered by adding clauses and conditions known as endorsements or riders to a standard policy.

When The Time Comes

If you do suffer property damage or injury or incur liability, it is time to file a claim. You will be asked to fill out a claim form--the formal document on which you request benefits to be paid according to the terms of the policy. Be complete and supply as much detail as you can and, of course, be truthful.

To support your claim, it may be necessary to supply some documentation. Pictures of your tree atop the neighbor's garage, details on the sofa, chairs and CD collection destroyed in the fire, and so forth. The better you document your property beforehand with pictures, receipts and other evidence, the more likely your claim will be processed smoothly.

Figuring Out The Costs

How much financial settlement the insurance company offers you of course varies with the situation. However, for property damage, it helps to know that there are two basic ways to value your property:

- **Actual Cash Value**--The replacement cost of the item minus depreciation. For example, a new television set may cost \$500. If your 7-year-old TV set gets damaged in a fire, it might have depreciated 50%. Therefore, the television's remaining value would be \$250
- **Replacement Coverage**--The cost of replacing an item without deducting for depreciation. So today's cost for a TV set with features similar to the 7-year-old one damaged by fire would determine the amount of compensation. If the similar new television costs \$500, that would be the amount of your coverage.

You may want to check your policy to see which kind of coverage you currently have. For example, if you would prefer replacement coverage and do not have it, this coverage can be added to your policy for an increase in your premium of about 10% to 15%.

What is A Deductible?

When you file a claim for property or loss, the payment made by the insurance company is subject to a deductible. Basically, when you purchase your insurance policy, you agree to pay the first specified amount of any damage as your share of the cost of repair or replacement. The insurance company adjusts its rates accordingly, charging less for those who agree to pay a larger first share--or deductible. For example, if your home should sustain damages costing \$2,000 to repair and you have a deductible of \$250, you would pay \$250 and the insurance company would pay \$1,750.

What is A Claims Adjuster?

Once you have reported your claim to your agent, he or she will contact your insurer's claims adjuster--usually within the hour. The adjuster will begin the settlement process, the length of which will depend on the cooperation of the other party, if any. While some claims are relatively easy and straightforward, others are more complicated.

Your adjuster is charged with investigating the claim and then making a recommendation to the insurance company. The recommendation can be to accept the claim and pay the full amount requested, accept part of the claim and make a partial payment or refuse the claim and make no payment. The insurance company will then make a final decision regarding your claim and notify you.

A Final Note

The amount of compensation offered can vary according to the adjuster's analysis of your claim. Keep in mind, if you feel it is too low, you do not have to accept the first amount offered. While you may have to do some research to prove a higher payment is valid, it may be worth it.