

Disaster Claims: Questions and Answers

Should I wait for the company's permission to begin clean-up?

You should make all necessary temporary repairs in order to protect your property from further damage as soon as possible. Most homeowner's policies cover the reasonable costs of emergency clean-up, and temporary repairs.

Repairs such as boarding up damaged windows and patching holes in walls or roofs are appropriate even if you have not yet seen the company representative. You should also safeguard your personal property by moving it to a protected area if necessary. Finally you should begin cleaning and drying items damaged by water in order to reduce the likelihood of mold.

You should not dispose of any items that you believe may be a complete loss until the company representative has examined them.

No matter what temporary repairs you make, take photographs to show the way the damages looked before you begin cleaning and repairing. Be sure to keep receipts for all of your clean-up expenses.

When you do speak to your company representative, be sure to explain what temporary repairs you have made.

Can I hire someone to make emergency repairs?

Most homeowner's policies cover materials and reasonable labor expenses for temporary and emergency repairs in addition to any final repairs made to your property. You should also ask your company representative whether the company will compensate you for work you do yourself. Be sure to keep all of the receipts for both the labor and materials of temporary repairs. The cost of hiring someone will be applied against the coverage limit.



How much will the company pay to repair/rebuild my home?

Many home and business owners have "replacement cost coverage." Under this type of policy, the insurer typically makes a partial payment up front in order to get work started. Once the repairs are complete, the insurer will pay the difference between the amount already paid and the actual cost to repair the building. The company will only pay up to the limits on your policy.

If you have a replacement cost policy, your company will probably require you to insure your building for at least 80% of its replacement value – often closer to 100%. You should make sure that you keep your coverage up to this threshold, or the company will reduce its payment to you even for a claim well below your policy limits.

If you elect not to repair the building, you can submit a claim for the actual cash value of the damaged building. You then have six months from the date of this payment to make a replacement cost claim. The six month limit only applies when you choose to make an actual cash value claim. If the company chooses to make an actual cash value payment, there is no time limit for making a replacement cost claim.

Be sure to consult your policy to learn about any possible restrictions in moving to a new location versus repairing/rebuilding on-site.

What if my contractor says the repairs will cost a lot more than the company representative has allowed?

If there is a discrepancy over the cost of repairs or the contractor has found hidden damages, you should first contact the company claims representative and try to resolve the difference. The fastest way through that process is to have your contractor and the company adjuster meet at the home at the same time. If you are still unable to resolve your differences, you can file a complaint with the Consumer Services Section at the Massachusetts Division of Insurance.

What about my household contents, and other personal property?

Again, it depends on the type of policy you purchased. Most insurance policies pay the actual cash value of the items that were damaged or destroyed. Actual cash value is what the item is worth minus any depreciation.

For example, it might cost \$1000 to replace your sofa with a new one at today's prices. If your sofa was 10 years old on the day it was destroyed, the company will only pay you whatever a 10 year old sofa would be worth - \$1,000 minus 10 years of depreciation. You might only receive \$200 for your ten year old sofa.

Replacement cost coverage for your personal contents protects you from that depreciation, but it costs more. If you paid an extra premium for replacement cost coverage on your personal contents, the company will first pay you the actual cash value as described above. Once you have actually replaced the items, and submitted your receipts, the company will then pay you the difference.

Using the above example the company would initially pay you only \$200 for your damaged sofa. After you buy the new one for \$1000, the company would then reimburse you another \$800 – the difference between the actual cash value, and the replacement cost.

As you begin replacing damaged items, be sure to keep all receipts. You may wish to submit accumulated receipts to the company every two weeks or so, rather than sending them in one at a time. If you elect not to replace the damaged items, you can submit a claim for the actual cash value of those items. You then have six months from the date of this payment to make a replacement cost claim. The six month limit only applies when you choose to make an actual cash value claim. If the company chooses to make an actual cash value payment, there is no time limit for making a replacement cost claim.

The damages to my house will cost a lot more than the insurance policy covers. What can I do?

Check with the federal agencies at the local disaster center to see if you are eligible for a grant or low-interest loan.

