**HOW TO AVOID PROBLEMS WITH INSURANCE CLAIMS**

**BY: WILLIAM G. MORRIS, ESQ.**

The storm is passed and many will look for payment to repair under a property insurance policy. One of the first steps in this process should be reading to policy. Determine if you have coverage, extent and deductible. Water damage from rising water is generally within flood policy coverage. Damage from wind driven rain is generally within windstorm policy coverage…but even then, many windstorm policies require wind driven rain enter through an opening created by wind for coverage to apply. This column will offer suggestions based on my experience with property insurance claims.

A first line of defense by property insurers seeking to deny a claim is to reject the claim as not within the scope of policy coverage. These rejections are often wrong, but the insured may simply accept the insurer’s rejection if the insured does not carefully read the policy.

As soon as possible, the insured should notify the insurer of a claim. Don’t rely on the local sales agent to do it, as they are often very busy after a storm. Most policies require prompt notice and insurance carriers can try to avoid coverage if they can show delay in reporting has prejudiced the carrier.

Clean is a two-edged sword. If the insured does not clean up and that causes additional damage (i.e., mold), the carrier may claim the additional damage is not covered. Standard flood policy excludes coverage for mold when the insured fails to take reasonable action to control or prevent growth. If the insured does clean up, the carrier may claim there is insufficient evidence of damage or even that clean up caused extra damage that is not covered.

Best practice is to notify the carrier that the insured will be cleaning up and removing debris quickly and that the carrier will have to schedule an inspection right away if it wants a pre-clean up inspection. Some carriers will get an inspector to the site quickly, but many will not. By giving the carrier notice and opportunity to inspect, the carrier is hard pressed to argue prejudice if it fails to inspect before clean up.

Take a lot of pictures throughout the clean-up process. Digital photos are cheap so take a lot more than you think you need. The photos are evidence for the claim.

Think twice before making temporary repairs. If absolutely needed to protect the property (tarping a roof) temporary repairs should be done to avoid claim by the carrier that additional damage is not covered. Don’t go overboard as expensive temporary repairs may be denied coverage unless absolutely necessary to protect from more damage. Notify the carrier of what temporary repair you intend to complete so the carrier has a chance to object. Also, what is spent on temporary repairs may reduce what is available under the policy for permanent repair.

Keep samples of what is removed so the carrier can see the quality. That is important whether the policy has a replacement cost provision or the insured is simply entitled to the value of used components. Policies generally provide insurance for replacement with like kind. Include make, model and serial number of major appliances.

Even though you take lots of pictures, also make lists of what was damaged or destroyed. It can be hard to tell what is in a picture, and that gap can be filled by simultaneously writing down with as much detail as possible what is in each picture.

If the insured has done all of the foregoing well, dealing with the insurance carrier can still be fraught with danger. Perhaps the most important rule when dealing with a carrier is not to sell yourself short. Some of the biggest problems with claims are when the insured underestimates reimbursement or cost. Another issue is the carrier offering less than is really needed and the insured accepting the offer. Knowledge is power. Don’t finish discussion with the carrier without getting good estimates for the MAXIMUM repairs might cost after accounting for possible hidden damage.

What about the claim itself? Written claims are generally required for large repairs. Take time to make sure the claim is complete and accurate. Yes, filling out a claim is boring-but it is the ticket to success or failure.

The carrier will assign an adjuster. After a big storm, adjusters may be brought in from other states. The adjuster is not the friend of the insured. The adjuster works for the carrier. That should be a word to the wise.

Who does the repair is important. After a storm, contactors can appear out of anyplace in the country. Many do not even have licenses. Some are happy to overprice and take advantage of the situation.

Treat storm repair just like any other major project. Check references, check licenses. Get more than one estimate. Even check court records to see if the contractor or principals of the contractor have a history of lawsuits.

What about the contract? Read it. Be wary of exclusions-which means extras. If you use a

contract to get paid by and settle with the insurance carrier it better be complete.

Most insurance policies require the insured to sign a sworn statement or proof of loss. Don’t sign what you don’t understand but do make sure you provide any statement required by your policy. Failure to provide a sworn statement can allow the carrier to deny a claim.

Do not grossly inflate your claim. If the carrier denies an inflated claim and the court later determines the claim was fraudulent (partially or completely) the carrier is excused from paying anything on the claim. Some people “pad” their claim or add items that were not truly storm damaged. Minor excess is not likely to be found fraudulent, but there is no clear line between minor excess and fraud.

Some hire a Public Adjuster. Public Adjusters are licensed and deal with carriers as an agent of the owner. Most work on a percentage fee basis and those fees are negotiable. A Public Adjuster can point out damage the insured may overlook and can be helpful, but they are a cost to the insured that is not reimbursed by the insurance carrier. Public Adjusters will try to maximize a claim…and some go overboard.

Document everything. That means communicate in writing or confirm a conversation by sending an email stating what was said and agreed. Repair contracts must be written. Claims must be written. Do not proceed with a handshake as those are difficult to prove when things go bad.

Post storm repairs and insurance claims take place during a time of great stress and emotion. That can lead to mistakes. Hiring professionals to assist with the repair and claims process can often pay big dividends. In all cases, slow down and take time to be complete and correct at each step of the repair and claims process.

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