

## Frequently Asked Questions and Answers

**Q. I have many trees down on my property and I thought my homeowner insurance company would pay to have all of them removed.**

A. Typically, a policy will only pay for the removal of trees if the tree damaged covered property, blocks a driveway access onto the property, or blocks a handicapped ramp into the structure. Even when there is coverage, it is typically for a limited amount for the removal of these trees, such as up to \$500 per tree and up to \$1,000 aggregate for all trees.

**Q. What the insurance company is offering me will not repair or replace my damage. The adjuster has not given me my proper limits. How can I get the insurance company to cover my loss adequately within the limits of my policy?**

A. The insurance company adjuster typically writes a claim summary based on the losses observed. You may feel the estimate will not cover your loss, however, the insured must always obtain their own estimates from contractors/repairmen that will be performing the work. The estimates, obtained from reputable contractors, are the insured's tools/documentation in negotiating with the company. Many times, it is always best to get at least two estimates.

**Q. When there are considerable discrepancies between the insurance adjusters' estimate for repairs/ rebuilding and estimates the homeowner obtained from contractors, can the DOI intervene and help the consumer try to negotiate a more acceptable agreement?**

A. The Department of Insurance finds that many policyholders, particularly ones that have never had a claim before, do not realize they can/must get their own estimates for repairs to help them negotiate a proper settlement. Naturally, the policyholder needs to understand that their insurance company is only obligated to rebuild, replace, or repair a home of like kind and quality as before. Estimates should be obtained from reputable businesses or entities. The DOI can intervene when there are significant disparities between what an acceptable industry rate for a repair is and what an insurance company is attempting to offer. However, the DOI typically does not get involved in negotiating detailed settlement amounts.

**Q. I have a full Replacement type policy and the adjuster is only offering me Actual Cash Value (ACV) at this time. Shouldn't the insurance company write me a check for the full replacement once they see I have a total loss?**

A. No. Most replacement policies require that a comparable structure be purchased or rebuilt in order to get the full replacement amount. Initial payment by the insurance company on full

replacement contracts are typically paid on an ACV basis. Once an insured is in the process of repairing, rebuilding or purchasing a structure of comparable value, the insurance company will settle with the remaining portion of replacement value.

**Q. I have adequate contents coverage. The insurance company has advanced me some money to get started replacing my contents, and they are telling me I must complete a personal property inventory list. Shouldn't they just write me a check in full for my contents limit amount?**

A. No. Most insurance companies require the insured to provide personal property inventory lists providing justification for the contents up to the limit of the contents coverage. The best way to achieve a list quickly reaching the coverage limit amount is to start with the big ticket items such as refrigerators, stove, furniture, flat screen TV, etc. The personal property inventory lists typically require some type of justification indicated such as where you purchased the items, what brands the items were, approximately how old the items were and approximately how much you paid for them at the time of purchase. Obviously no consumer can have records of all the information; however, the inventory list will need to be completed with as much information as possible.

Useful suggestions:

*Many major or big box stores maintain helpful records on newer major purchases.*

*Many credit card companies will have records of purchases made with a credit card.*

*Many times a consumer will have no record, but a retailer can advise the consumer of approximately how much they may have paid for a like item.*

**Q. I thought I had insurance coverage on my structure or mobile home, but now the mortgagee is telling me that what I have is Forced-Placed Insurance. I've been paying a premium to the mortgage company. Is that not my coverage and am I not the insured?**

A. Forced-Placed Insurance, also known as Single-Interest Insurance, is insurance that is taken out by a lender or creditor when a customer does not carry hazard insurance on an asset. The charges for this insurance are passed on to the customer, but the Lender is the Insured. Typically, the coverage only covers the Lender's interests.

**Q. I need a statement from my mortgage company for proof to FEMA that I am uninsured and that the insurance which was obtained by my lender will only pay off my loan. FEMA needs this document to help me qualify for other possible assistance options.**

A. Forced-Placed Insurance which a lender puts in place to protect their financial interest in a home if it is destroyed typically just pays off the loan. It does not cover any contents, additional living expenses, etc., for the homeowner. Many homeowners who have had forced-placed coverage placed on their structure do not have any idea the name of the insurer. They need to contact the mortgage company to get that information and request the necessary letter. The DOI has no regulatory authority over the mortgage companies.

**Q. If I sign a claim check from my insurance company but later realize it does not adequately cover the loss I had within the terms of my policy, have I relinquished my rights to go back to the insurance company?**

A. Typically, merely cashing an insurance check for an initial payment does not prohibit a consumer from further negotiating a complete settlement; however, once an insured signs a Settlement Release, the claim is closed.

**Q. My claim check for my loss has been made out to me and my mortgage company, but I am the policyholder. Can the insurance company do this?**

A. Yes. If there is a mortgagee listed on the policy, they are an additional insured and that means the structure is collateral for a loan with the mortgage company. The mortgage company has an interest in the home and in making sure the damage is properly repaired. When you incur a small loss, many times a mortgage company will just sign the check over to the homeowner; however, if there is a substantial loss the lender may hold off in sending the homeowner the entire settlement check. Many times the mortgagee will remit payments to you in portions as you provide evidence that various stages of repairs/rebuilding have been completed.

**Q. How does an Actual Cash Value Policy reimburse for loss?**

A. ACV reimburses at a depreciated amount of what it would take to rebuild or repair the property as it was before. Actual cash value cost of replacing damaged or destroyed property with comparable new, minus depreciation.

*Ex. A 10-year old living room sofa will not be replaced at current full value because of a decade of depreciation.*

In some cases, this amount may not be enough to pay off a loan, particularly, if there are additional loans on a structure other than the 1st mortgage; i.e. 2nd mortgage, equity line of credit, etc. The claim payment is based upon the home's value after depreciation for age and condition

**Q. My vehicle was sitting under the carport during the storm and the house damaged the automobile. I only have liability coverage on my automobile. Will my homeowners insurance cover any damages to my vehicle?**

A. No. Homeowner Insurance does not extend coverage to your damaged automobile. If there were personal property items within the damage vehicle, the homeowner policy will cover some of those items if damaged.