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A dramatic photograph of a large, dark, swirling tornado touching down over a green agricultural field under a heavy, dark sky. The text "POST-DISASTER CLAIMS GUIDE" is overlaid in large white letters.

# POST-DISASTER CLAIMS GUIDE



Department of Insurance  
and Financial Services



# There's Been a Disaster. What Should I Do Now?

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## Safe and Sound

After a disaster hits, make sure you and your family are safe. Then, secure your belongings. Do what you can to secure your home and property to prevent more damage or theft. For example, if windows are broken, board them up. If the roof has a few holes, cover it with a tarp to prevent water damage. Your homeowners insurance requires an insured to mitigate against further damage.

## Report a Claim

Once you've determined your home is damaged and needs to be repaired or rebuilt, and the damage is over your deductible, report or file a claim as soon as possible. The easiest way to report a claim is to call your insurance company or agent. You may be able to report or file a claim online or from your cell phone. If you have trouble finding a phone number, try searching for your insurance company online.

## Estimate Damage

An insurance adjuster will figure out how much damage was done to your home and property. The adjuster will visit your home to inspect and

estimate the damage. They will also ask for a home inventory (a list of your personal property) if your personal belongings were damaged or destroyed. In this section, you can learn about the different types of adjusters who may work on your claim and what you should do to prepare to meet the adjuster.

## Determine Coverage

Once the adjuster has figured out how much it will cost to rebuild, repair, or replace your home or property, the adjuster will review your policy to calculate how much the insurance company will pay. A contractor will write their estimate for all damages to be repaired, while the insurance company adjuster will only write their estimate for the damages caused by a covered peril and/or the insurance policy. If you've never filed a claim before, this process can seem overwhelming. But you can read this section to learn how claim payments are calculated and how your coverage will impact what your insurance company pays. You can also learn the meaning of some of the words insurance companies use.

## Rebuild, Repair and Replace

Your recovery from a disaster is not complete until you're living back in your home. During the recovery phase, you'll be replacing personal items (if damaged), choosing building materials, working with contractors, and learning how to avoid becoming a victim of fraud.

## Prepare

It may sound strange, but the recovery process is the best time to start preparing for the next disaster or claim. Read and understand your home owners policy. Create a home inventory list as you're replacing your belongings. Also, as you're rebuilding, consider using building materials that will resist damage - so if there is another disaster, your home may have less damage. For example, you could use impact-resistant shingles and siding.





# Property Insurance Claims Guide

Disasters happen everywhere and can happen at any time. Any of the following natural disasters can cause a significant amount of damage to homes and personal property.

This Guide will help you understand what to do after a natural disaster damages your home. It also gives you helpful tools and tips to navigate the insurance claims process, whether this is the first time you've had an insurance claim, or maybe a claim this big.

This Guide provides general information to help you in any type of disaster. **But remember, most policies won't cover damage from floods or earthquakes unless you bought that coverage separately.**

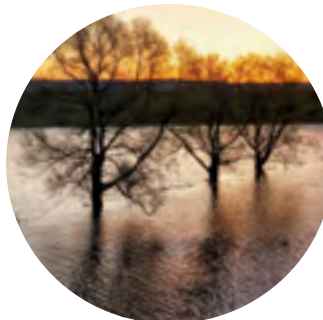
The Iowa Insurance Division is here to assist you with any questions – free of charge.



Tornado



Wildfire



Flood



Earthquake



# Safe and Sound

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## **A disaster has hit my area, and my home has been damaged. I've made sure my family is safe. What should I do next?**

Make sure there are no safety issues like downed electrical lines or broken gas lines. If there are safety issues, leave your home and wait for or listen to your local authorities to learn when you can return.

When inspecting your home, wear a long-sleeved shirt, long pants, work gloves, and sturdy, thick-soled shoes. Avoid broken glass and sharp objects or remove them. Watch out for things that could cause you to trip or fall.

Take photos or videos of the damaged areas and personal property. You also can jot down notes and take pictures of any significant damage you see.

## **My family and I were evacuated from our home. When can we go home?**

Wait to return to your home until your state or local authorities tell you it's safe. The authorities won't let you return to your home if there are hazards like downed power lines or broken gas lines. This is for your safety.

## **There's a lot of damage to my home. What should I do about the damage?**

Try to prevent further damage by making essential repairs, like covering roofs or windows with plywood, tarp, canvas, or other waterproof materials.

**IMPORTANT: KEEP ALL RECEIPTS FOR EMERGENCY REPAIRS TO GIVE TO YOUR INSURANCE COMPANY.** Because you must prevent more damage, you may want to hire a contractor to make any emergency repairs. Read the contractor's contract for any emergency repairs or tree service, and make sure you are not signing away any rights or an insurance settlement.

Don't make permanent repairs before talking with your insurance agent or insurance company. Your company may not pay for repairs it didn't authorize.

If you're contacted by any contractors, review the section on **Avoiding Insurance Fraud** to avoid being taken advantage of.

## **There's so much damage to my home, there's no way I can stay. What should I do?**

Do your best to secure your home and personal belongings.

Gather important papers, including insurance policies and a list of all damaged or destroyed personal property (a home inventory list), if you have one. Take those with you if you can't stay in your home.

If you can't stay in your home, save any hotel receipts. Your insurance company will need the receipts to repay you.

Contact your doctor's office, pharmacy, or health plan if your prescription medicines were lost or if you lost your glasses, contacts, hearing aids, walker, wheelchair, or other medical equipment in the disaster. Aid organizations may be able to assist too.

Make sure you notify utilities and your mortgage company and make arrangements for mail deliveries.

## **Additional Living Expense (ALE)**

Most homeowners policies swap pay the additional expenses you have if you can't stay in your home because of damage from a covered disaster. For example, if you have to move into a hotel or apartment while your home is repaired or rebuilt, the insurance company will pay your additional costs for temporary housing.

Just don't expect the insurance company to pay for your stay at a 5-star spa and resort or to eat out every night at the most expensive restaurant in town. **ALE is limited.**





### **What types of living expenses does ALE pay for?**

The insurance company will not pay ALL your living expenses. ALE is to help pay those expenses that are beyond your normal expenses because you can't live in your home. For example, ALE coverage may pay hotel lodging, but it won't make your mortgage payment.

ALE typically covers reasonable hotel bills, restaurant meals (if you're staying in a hotel room with no kitchen), and other living costs above and beyond your normal housing expenses while you can't live in your home because of damage.

You need to be sure you keep ALL receipts for any additional costs you have. The insurance company will need the receipts to reimburse you.

### **Is there a limit to how long or how much I can use for my additional living expenses?**

Keep in mind that ALE coverage is limited. Some policies have a dollar limit; some also may have a time limitation.

The good news – these limits are separate from any coverage you have to rebuild or repair your home. They're also separate from any coverage you have to replace your belongings.

Ask your insurance company or adjuster what your policy covers and any time or dollar limits that apply.





# Reporting An Insurance Claim

## **When should I report damage to my home or personal property?**

Before reporting the property damage to your home, find out what your deductible is. If the damage is minor, for example, just a few shingles were damaged, you might decide you're better off paying for the repairs out of pocket instead of filing an insurance claim. But remember, you might not be able to see all the damage. You may want to have a contractor inspect your home.

If you believe the damage will cost more than your deductible to repair, or there's a lot of damage, you may want to file a claim. It's important to notify your insurance company as soon as you know there's damage and you decide to file a claim.

The easiest way to report damage is to call your insurance company or agent directly.

## **What should I do if I don't have my company or agent's phone number?**

If you have cell service, use your cell phone to search for phone numbers or the insurance company's website. There may be a phone number to report a claim.

If you can access social media, you can search for information from your insurance company or state

department of insurance about how to file a claim.

If you have limited or no cell service, look for mobile claim centers in your area. Local news outlets, social media, insurance companies, and government agencies usually announce their locations.

## **What do I need to know when I call to make a claim?**

It will help if you have your policy number. But if you don't, your insurance company or agent can find your policy with your name, address, and phone number. You'll need to briefly explain what happened and describe the type and extent of the property damage.

If you aren't staying in your home, be prepared to give your insurance company and agent your new contact information - a phone number and an address.

Let your insurance company and agent know when you call if you've taken photos and videos of the damage and have cost estimates.

## **WHAT IS A CONTRACTOR?**

An individual you hire to manage the repair of your home. The contractor is responsible for supplying the necessary equipment, material, labor, and services to complete repairs. In Iowa, contractors are licensed. Check their licensing status at [laborportal.iwd.iowa.gov](http://laborportal.iwd.iowa.gov). Homeowners should be active with managing the repairs to their home and the insurance settlement process.



### **What do I need to ask when I file a claim?**

You should ask:

- For the name and phone number of every person you talk to.
- For your claim or reference number.
- How long you have to file a claim.
- If you need estimates to make repairs or rebuild before you can file a claim.
- For a general idea of what your policy will cover.
- If your insurance policy covers additional living expenses. What is the limit? For how long?
- For information about your deductible. Are there separate deductibles for hail, hurricane, or wind damage? What are those?
- If there are any special processes or procedures you need to know about.
- When you can expect an adjuster to call.
- What other information the company will need to process the claim.

### **What other information or paperwork could the insurance company or agent ask for during the claims process?**

A list of all damaged or destroyed personal property (a home inventory list) and receipts, if you have them, showing when you bought the damaged or destroyed items.

A list of damage to the home and other structures, like a garage, tool shed, or in-ground swimming pool. You'll need this list when you meet with the adjuster.

### **What if I don't have a completed home inventory list?**

Don't worry; the adjuster will give you some time to make a list. Ask the adjuster how much time you have to submit this inventory list.

Work from memory if your property was destroyed and you have no records.

Review photos taken inside your home. That may help you make the list.

Search online shopping websites or online retailers to help estimate costs.



# Estimating the Damage

## What is an adjuster and what does an adjuster do?

An adjuster is a person who determines the amount of covered damage to your home and property - what can be repaired or replaced, and at what cost. An adjuster reviews your insurance policy to determine if the damage is covered and if there are any dollar limits or deductibles that apply. They also should explain your policy's coverage for the claim. If you do not understand something the adjuster tells you, ask questions.

Remember, in larger weather events or disasters, not all adjusters will live or work in your state. Some adjusters may be sent from other states to help when there's a large number of claims.

## What is a staff or company adjuster?

- A staff adjuster, also known as a company adjuster, works only for that insurance company.
- The insurance company hires and pays a staff adjuster. This adjuster will settle the claim based on the insurance coverage you have and the amount of damage to your home and property.
- **You do not pay a staff adjuster and they may be licensed with the Iowa Insurance Division.**

## What is an independent adjuster?

- An independent adjuster works for several different insurance companies.
- An insurance company uses independent adjusters when it doesn't have its own adjusters on staff or when it needs more adjusters than it has available; this often happens in a large disaster.
- An independent adjuster does the same work as a company adjuster (see above).
- **You do not pay an independent adjuster. The Iowa Insurance Division recently began licensing independent adjusters, and their licensing status may be available at the Iowa Insurance Division website [iid.iowa.gov](http://iid.iowa.gov)**

## What is a public adjuster?

- A public adjuster is a professional you can hire to handle your insurance claim.
- Public adjusters have no ties to the insurance company.
- They estimate the damage to your home and property, review your insurance coverage, and negotiate a settlement of the insurance claim for you.
- Iowa requires public adjusters to be licensed with the Iowa Insurance Division. To check the licensing status of a public adjuster go to [www.data.iowa.gov](http://www.data.iowa.gov) and search for public adjusters.
- **You have to pay a public adjuster. You have to pay a public adjuster a percentage of the insurance settlement. For example, \$15,000 covered loss payment x 15% = \$2,250 payable to the public adjuster.**







# Working with the Insurance Adjuster

## How long after I file a claim will an adjuster come to inspect my home?

It depends - every disaster can be different. Ask your insurance company when you file the claim. If you don't hear from an adjuster in a reasonable amount of time, contact your agent or the company. A reasonable amount of time could be 3 to 5 days for a minor claim. But it may take longer for the adjuster to reach you following a large disaster in your area. Be sure they know how to contact you.

## What should I do to prepare to meet with the adjuster?

- Make a list of all damaged or destroyed personal property. Make a list of damage to the home and other structures, like a garage, tool shed, or in-ground swimming pool. Work from memory or from photos if you have no records of your destroyed property.
- Gather any photos or videos of your home and property before they were damaged or destroyed.
- Include receipts from when you bought the damaged or destroyed items, if you have them. Search online shopping sites or online retailers to help estimate costs.
- If you have time before the adjuster inspects your home, confirm the damage exceeds your deductible. Try to get written bids from contractors. You aren't required to have bids, but it can help. The bids should detail the materials to be used, prices of those materials, and labor on a line-by-line basis.
- Take notes when you meet with the adjuster. Get the adjuster's name and contact information and ask when you can expect to hear back. You can write this information down in the **Claims Communication Section** in the back of this resource.

## What will happen when the insurance adjuster comes to my home?

- You should be there when the adjuster comes to your home and check their identification. You can show the adjuster where you believe there has been structural damage and give the lists you've prepared of property or

structural damage, photos or videos you've taken, and bids from contractors.

- The adjuster will inspect your home and take photographs and measurements. While the adjuster is there, they may even do some calculations of the covered damage and cost to repair.
- Before the adjuster leaves, make sure you have their contact information. Ask the adjuster what the next steps will be and to estimate when you'll hear back from them.
- Ask the adjuster if there's any other information you should provide. After the adjuster leaves, you may need to gather more information or start a personal property inventory list.

## If I hire a public adjuster, will the insurance company still send its own adjuster?

The insurance company doesn't have to accept your public adjuster's estimates. The insurance company will typically send either a company adjuster or an independent adjuster to assess and estimate covered damage to your home or property.

## How is a public adjuster paid?

- If you hire a licensed public adjuster, it's your responsibility to pay their fee which may be between 10-30% or more of your insurance settlement.
- A public adjuster is required by Iowa law to give you a contract that explains the services the adjuster will provide and how much you will pay for their services. Read and understand the contract with the public adjuster before signing. **If you hire a public adjuster after your insurer has made an initial offer, ask about the fee. The contract should say if the fee you'll pay will be based on the total the insurance company pays or on the amount the public adjuster negotiates for you.**
- You should ask your public adjuster to routinely provide you updates on the status of your claim.



# Determining Coverage (SETTLING A CLAIM)

## How do I get a settlement offer? Who gives me that?

The company adjuster or independent adjuster will calculate the amount of covered damage to your home and property. They will review your policy and determine what deductibles may apply and if there are any limits on what will be paid. Once they've made those calculations, they'll contact you and your public adjuster or lawyer (if you have one) and share their estimates and calculations with you. They also may contact your contractor about their estimates and calculations to ask questions.

## Will I get a lump sum payment, and when will I receive money?

The settlement process is not a single transaction. You'll get a number of payments for different parts of your claim to help you start the rebuilding and repairing process. You'll likely receive a payment for your additional living expenses mentioned above. Then you'll start to receive payments to replace your personal property, followed by payments for the repairs and construction on your home.

## Why did the insurance company make the check payable to me AND my mortgage company?

If you have a mortgage on your home, your lender has an interest in making sure the home is rebuilt – or that your loan is paid in full. Your mortgage lender required you to add them as an additional insured on your homeowners policy.

Because of this, the insurer is obligated to include them on the check it pays for major repairs. You'll need to work with your mortgage lender to get the claim money released for repairs. If you have problems working with your mortgage lender, contact the Iowa Division of Banking at [idob.iowa.gov](http://idob.iowa.gov) or the Division of Credit Unions at [creditunions.iowa.gov](http://creditunions.iowa.gov) which regulate state banks/credit unions and mortgage lenders. If the mortgage lender is federally regulated, there is a website at [www.usa.gov/complaints-lender](http://www.usa.gov/complaints-lender) where you can use to make a complaint against your bank or mortgage lender if you aren't getting the help you need.





### How long will it take for my insurance claim to be settled?

Everyone wants the process to be done as fast as possible so they can return to a normal life.

If there's substantial damage involving your home and property, an insurance claim is not going to be closed with a single payment. There will be claims payments for various parts of your claim as the rebuilding process moves along. Most people find it may take 18 to 24 months to repair/rebuild their home and replace their possessions after a major disaster. Your insurance claim will stay open until the insurer has made all payments you're entitled to under your policy's claim settlement time restrictions.

You should feel free to contact your insurance company or adjuster for a status on your claim at any time during the claims process.

### What if I'm not satisfied with the amount of my insurance settlement?

- Your settlement won't necessarily be the same as your neighbor's. Your coverages, deductible, and policy limits may be different even if the damage looks the same.
- If the insurance company denies any part of the claim, ask for the denial in writing. Keep all paperwork.
- If you don't believe the offer is fair, call the insurance company. Be prepared to explain why you think the offer is unfair. If you're not satisfied

## WHAT CAN I DO IF MY CLAIM WAS DENIED?

If you think the insurance company should have paid your claim, you can use the appraisal clause in your policy to get the insurance company to reverse its decision. But, before you do any of those, contact your state insurance department for help.

with the response, contact the Iowa Insurance Division at [iid.iowa.gov/consumers/filing-complaints/how-do-i-consumer-complaints](https://iid.iowa.gov/consumers/filing-complaints/how-do-i-consumer-complaints) to file a complaint.

- There will be a deadline to settle your claim with the insurer and obtain replacement coverage. Check your policy for details.

### What if the insurance company doesn't agree with the public adjuster's or my contractor's estimate of the damage?

Differences in construction estimates are common. Ideally, you and the insurance company should reach an agreement on a covered amount of damage. This is a detailed list of the quantities of construction materials, labor, profit and overhead, building code compliance, and every single item required to repair or rebuild your home.

Once you've submitted all the information that your insurance company needs, including written estimates from contractors, the adjuster will calculate the total covered loss amount.

If you disagree with the claim amount the adjuster has calculated, discuss the differences with the adjuster or company to see if an agreement may be reached.

If you are unable to resolve the difference, you may need to invoke the appraisal clause in your policy.

**APPRAISAL:** If you can't agree with your insurance company about how much it will cost to rebuild your home and/or repair or replace your property, you can use the appraisal process to resolve the differences. This isn't the same as an appraisal you may have of your home's value.

The appraisal process begins with two appraisers comparing their estimates. The appraisal process only determines costs, not whether your policy covers these costs. It isn't a court proceeding.

If you use the appraisal process, you'll have to pay some of the costs. You must go through the appraisal process before you can sue your insurance company.



# How is a Claim Payment Amount Calculated?

A number of important insurance terms will help you understand how your insurance claim will be paid. The following sections explain terms like deductible, depreciation, Actual Cash Value, and Replacement Cost.

## What is a deductible?

A deductible is the part (or amount) of the claim you're responsible for. Insurance companies will deduct this amount from any claim settlements they pay to you or on your behalf. So, if your insurance policy has a \$1,000 deductible, that means you've agreed to pay \$1,000 out of your pocket for the damage to your home.

## Are there different types of deductibles?

Yes. A deductible can be either a specific dollar amount or a percentage of the total amount of insurance. There are special deductibles that apply to certain types of claims; some deductibles are applied to specific parts of your home. Look at the front page, also known as the declarations page, of your homeowners insurance policy to learn about the policy's deductible.

# How are Deductibles Used to Calculate a Claim?

## Flat Dollar Deductible \$500 Deductible per Loss

A covered disaster destroyed your home. Your home was insured for \$250K (structure only) and it will cost \$250K to rebuild it. You have a \$500 deductible.

|                             |           |
|-----------------------------|-----------|
| Damage and Cost to Rebuild: | \$250,000 |
|-----------------------------|-----------|

|                       |       |
|-----------------------|-------|
| Minus the Deductible: | \$500 |
|-----------------------|-------|

|                                 |                  |
|---------------------------------|------------------|
| <b>Claim Settlement Amount:</b> | <b>\$249,500</b> |
|---------------------------------|------------------|

## Percentage Deductible 2% Deductible per Loss

A covered disaster destroyed your home. Your home was insured for \$250K (structure only) and it will cost \$250K to rebuild it. You have a 2% deductible.

|                |           |
|----------------|-----------|
| Insured Value: | \$250,000 |
|----------------|-----------|

|   |         |
|---|---------|
| 2% Deductible: $\$250,000 \times 2\% =$ | \$5,000 |
|---|---------|

|                             |           |
|-----------------------------|-----------|
| Damage and Cost to Rebuild: | \$250,000 |
|-----------------------------|-----------|

|                       |          |
|-----------------------|----------|
| Minus the Deductible: | -\$5,000 |
|-----------------------|----------|

|                                 |                  |
|---------------------------------|------------------|
| <b>Claim Settlement Amount:</b> | <b>\$245,000</b> |
|---------------------------------|------------------|

Some insurance policies have a special deductible for losses caused by wind, hurricanes, or other types of storms. The insurer applies this deductible when one of those types of disasters causes the damage. If something else damages your home, then the "all peril" deductible would apply.

Some policies also may have a special deductible that applies to a specific part of your home, like your roof. In these cases, the deductible could be either a flat dollar amount or a percentage, and this information may be found on the declaration page of your policy.





# Replacement Cost Versus Actual Cash Value

If you have **Replacement Cost Value (RCV)** coverage, your policy will pay the cost to repair or replace your covered damaged property without deducting for depreciation.

If you have **Actual Cash Value (ACV)** coverage, your policy will pay the depreciated cost to repair or replace your covered damaged property.

Check the declarations page of your homeowners policy to see whether the policy provides replacement cost coverage. If it doesn't specify replacement cost, then your policy likely only covers actual cash value. If it specifies replacement cost, then you have replacement cost coverage.

Under an RCV or ACV policy, your dwelling coverage pays for damage by a covered peril to the structure and will pay only up to the policy limit.

Even if you bought an RCV policy, there may be other limits on what the policy will pay for damage to certain surfaces, such as roofs. In some cases, the policy may pay ACV on your roof, but RCV on the rest of your home and property. If you have questions, call the adjuster, agent, or insurer and ask what type of coverage you have.

## Example:

The Smiths and the Johnsons are next door neighbors. Their homes are exactly the same size, built in the same year, and have the exact same floorplan. One night, a terrible storm tears through their town, destroying the Smith's and the Johnson's roofs. Both roofs have the same damage. The Smiths and the Johnsons have a \$1,000 deductible, and both roofs will cost \$15,000 to replace. The Smiths have a replacement cost policy, while the Johnsons have an actual cash value policy.

### Smith's / Replacement Cost Value

#### Insurance valuation method: RCV

Cost of Smith's roof 10 years ago: \$15,000

Policy deductible: \$1,000

Cost to replace roof: \$15,000

*Depreciation not applicable for RCV*

#### Insurance Payment:

\$15,000 cost of new roof

-\$0 depreciation (no depreciation with RCV)

-\$1,000 deductible

**= \$14,000 Insurance payment**

### Johnson's / Actual Cash Value

#### Insurance valuation method: ACV

Cost of Johnson's roof 10 years ago: \$15,000

Policy deductible: \$1,000

Cost to replace roof: \$15,000

*Depreciation schedule: \$1,000/year*

#### Insurance Payment:

\$15,000 cost of new roof

-\$10,000 depreciation (\$1,000/yr x 10 years)

-\$1,000 deductible

**= \$4,000 Insurance payment**



# How Does Depreciation Work?

## IS ALL DEPRECIATION THE SAME?

No. Depreciation in an insurance claim is much different than depreciation on assets for taxes and is different from an accountant's calculation of depreciation on property.

In an insurance claim, the deduction for depreciation may be significant, especially if the damaged property was at or near the end of its useful life. For example, if a covered cause of loss destroys your 20-year-old roof and it must be replaced, a policy that pays RCV will cover the full cost to replace the roof. However, an ACV policy may pay as little as 20% of the cost to replace the roof.

**\$750 –**  
**Cost of new laptop**  
**(Replacement cost value)**

**\$375**  
**50% depreciation**  
**(2 years x 25% per year)**

**= \$375**  
**Value of your laptop**  
**(Actual cash value)**

### WHAT IS “DEPRECIATION” AND HOW DOES THAT AFFECT MY CLAIM?

Everything covered under your homeowners policy is assigned a value. Your home, and most of its contents and components, are likely to decline in value over time because of age or wear and tear. This loss in value is known as depreciation.

Insurers usually calculate depreciation based on the condition of the property when it was lost or damaged, what a new one would cost, and how long the item would normally last.

For example, your two-year-old laptop that was in good condition was destroyed in a disaster. A similar new laptop would cost \$750. Your laptop normally lasts four years, so it had lost 50% of its value (25% a year). So, the value of your laptop at the time it was destroyed was half of \$750, or \$375. Your insurance settlement would include \$375 to reimburse you for this laptop.



### **I have a replacement cost policy, but my insurance company only paid for part of the claim. Can they do that?**

When you have an RCV policy and turn in a claim for a covered loss, the insurer first may pay only the ACV for the damage to your home or personal property.

But, when you present evidence that the damaged property has been repaired or replaced, the insurer will pay the difference (this is referred to as “recoverable depreciation”) up to the replacement cost.

Recoverable depreciation is calculated as the difference between an item’s replacement cost and ACV.

### **Is there a time limit on when I can get paid for the recoverable depreciation?**

Yes, there’s usually a time limit. That time limit can range from 6 months to up to two years, depending on the policy.

In certain circumstances, like a very large-scale disaster, insurance companies know it will take longer to rebuild homes and replace property. They may give you more time, if you ask.

If you have questions about this time frame, ask your adjuster, agent, or insurance company.

### **I was told I have to replace with “like kind and quality”. What does that mean?**

Most insurance policies that are Replacement Cost cover repairs or replacements with property of “like kind and quality”.

Your insurance policy isn’t intended to pay for expensive improvements or upgrades. For example, if you had a 3-tab shingle roof before the loss, your insurance policy would cover the cost of another 3- tab shingle roof, but not a more expensive slate roof. If you had ceramic bathroom sinks in your home, your insurance policy won’t pay the extra cost to replace those with granite countertops.

replacement, which isn’t necessarily the same quality and craftsmanship as the original materials.

A simple example would be replacing plaster walls with drywall. Both provide solid walls and have the same function, yet the cost varies greatly between the two. Another example would be a damaged banister in a home. The repair could be made with wood carved in the same architectural style, but using a less expensive wood – for instance, replacing an oak banister with a pine banister. Another example would be replacing a tile roof with a shingle roof.

### **My adjuster mentioned that some of my property has a special limit. What is that?**

A special limit caps how much money you’ll be paid for certain types of property. Don’t confuse this with the contents or personal property limits.

A special limit will apply to specific categories of property like jewelry, furs, guns, antiques, collector items, and coins.

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### **My home and/or property were destroyed and can’t be repaired.**

#### **Can I use the insurance settlement to build or buy another home somewhere else?**

Check your insurance policy and talk with your agent or company.

You may not get the same settlement if you don’t rebuild on the same location.

### **What is “Functional Replacement”?**

Another type of coverage becoming more common, particularly with older homes, is known as “Functional Replacement Coverage” (FRC). FRC replaces the damaged property with a functional



# What is Ordinance and Law Coverage?

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In many instances, your local government may require your home to be repaired or rebuilt to meet current local building codes. Unless you have Ordinance and Law coverage, a standard homeowners policy doesn't cover that added expense.

Ordinance and Law coverage in your homeowners insurance policy covers part or all of the cost to repair or rebuild your home to meet current local building codes. For example, electrical wiring, plumbing, windows, and roofing materials are some things that may need to be updated.

Standard homeowners policies don't cover the added expense to meet current building codes when you repair or replace your home. Look at the declarations page of your policy to see if you have Ordinance and Law coverage.

## The Three “R’s” of Recovery

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### > REBUILD

**I've accepted the insurance company's settlement and I'm ready to repair/rebuild. What do I need to know?**

- Contractors must be licensed depending on their level of business. A licensed contractor has passed exams and met other requirements to show that he or she is competent. Check their license at [dial.iowa.gov/licenses/building/contractors](http://dial.iowa.gov/licenses/building/contractors), conduct an internet search and check with the Better Business Bureau for any negative reviews.
- Reputable contractors usually don't ask for a large payment upfront.
- Ask your contractor to show you the building permits. Contractors most likely will need to apply and pay for building permits before beginning work. And don't forget to check with your

### > REPAIR

local officials about any requirements for permits or inspections.

- Get an estimate from more than one contractor. An estimate from a contractor that's much lower than any of the others doesn't mean it's the best deal. Make sure all the quotes include the same things.
- Contact your insurance company and adjuster any time you find damage that hasn't already been reported or inspected or if you learn something new about damage to your home or property.

**What should I know about a contractor before hiring one?**

Get the following information:

- a copy of the contractor's identification (the contractor's name and the name of the business);

### > REPLACE

- a copy of the contractor's business license (check the expiration date);
- a copy of the contractor's proof of worker's compensation insurance; and
- a copy of the contractor's proof of liability insurance. A licensed insurance agent or company issues this certificate. The proof of insurance should show the company's name, phone number, and the policy number. Call the insurance company to verify the coverage.





# Assignment of Benefits

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Iowa allows assignments of benefits (AOB) after a loss, which means a residential contractor may be named as a additional payee on an insurance claim when additional requirements are met:

- 1 An AOB shall include an itemized description of the work, materials, labor, fees, and itemized amounts for all work to be performed.
- 2 It must also contain statements that the residential contractor has made no assurances that the claim will be fully covered by insurance.

- 3 There is a right to cancel the AOB within five business days of execution or receiving a copy of the AOB.

Take your time to review any AOB carefully. An AOB does not allow a contractor to negotiate with an insurance company on your behalf. Talk to your claims adjuster or you can ask an attorney to review and give you advice. You can also call the Iowa Insurance Division with any questions as there may be a limitation to an AOB contract due to a disaster declaration.

# Public Adjusters

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## Understand the difference between a Contractor and Public Adjuster

Property owners are encouraged to talk to their insurance company and give them the opportunity to assess the covered damage to the property and provide a detailed estimate. As a consumer, you do have the right to consult with a public adjuster about your insurance claim. A public adjuster is a licensed individual who acts on behalf of an insured regarding damage to their property. Licensed public adjusters may negotiate with insurance companies on behalf of the insured to receive fair compensation for the loss or damage to the insured's property. Public adjusters will require you to sign a contract and are compensated for their work with a percentage of the claim settlement which may be 10% or up to 30% or more. Read and understand the contract before you sign.

It's important to know what a contractor can and cannot do. Without a public adjuster

license in the State of Iowa, a contractor cannot investigate, appraise, evaluate, give advice, prepare a claim, negotiate, advocate on behalf of, or assist their customer in the adjustment of a claim. This includes advertising to be "claim specialists or analysts," claiming that the contractor can "deal with insurance companies," or in any way increase the claim settlement amount for the policyholder. Please call the Iowa Insurance Division with any questions as there may be a limitation to a public adjuster contract due to a disaster declaration.

An unlicensed public adjuster may not file an Iowa Insurance Division complaint on behalf of the Iowa consumer. They are unable to "partner" with a public adjuster or enter into a contract with a public adjuster or other third parties.

If you feel a contractor is working as an unlicensed public adjuster, please contact the Iowa Insurance Division at [iid.iowa.gov/consumers/filing-complaints](https://iid.iowa.gov/consumers/filing-complaints).



# What Can I Do To Avoid Insurance Fraud?

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After storms and other disasters, fraudsters and scam artists often arrive quickly. Watch for contractors who offer to do your repairs with upgraded or free building materials. Here are a few tips to help you avoid becoming a victim of a disaster fraudster or scam artist:

- If you're working with contractors you don't know, find out where they're from and if they are licensed in Iowa. Many fraudsters will travel from state to state.
- Before you sign any contracts or pay any money, ask for references.
- Never pay the full amount before the work is complete.
- Ask your local Better Business Bureau and state Attorney General's Office about complaints.
- Check online for information about the contractor.
- Most importantly, report any suspected fraud to your insurance agent and the Iowa Insurance Division as soon as possible.

## Other Types of Fraud

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Unfortunately, storm victims are commonly targeted by scammers. Here are some common scams to watch out for:

- **FEMA Scams:** Scammers may impersonate Federal Emergency Management Agency (FEMA) representatives and ask for personal information and account numbers. If a FEMA representative comes to your home for an inspection, check their official FEMA identification.
- **Charity Scams:** Fake charities might appear after a disaster, claiming to collect donations for relief efforts. Research and donate to established and reputable organizations.
- **Insurance Scams:** Watch out for individuals or companies that claim they can expedite your insurance claim or promise large payouts for a fee. Remember to communicate directly with your insurance company and understand the settlement of your claim. Call the Iowa Insurance Division if you have questions at **877-955-1212** or **515-654-6600**.
- **Phishing Phone Calls, Emails, and Texts:** Scammers might call, send emails or texts pretending to be from official organizations, asking for donations or personal information such as bank or credit card account numbers. Don't answer phone calls from unknown numbers, and don't click on links in emails or text messages from unknown sources.
- **Investment Scams:** Be skeptical if you are approached by someone touting an investment opportunity related to natural disasters. When considering any investment, one of the best ways to avoid investment fraud is to ask questions. Ask the person if they are licensed, and if the investment is registered with the SEC or with a state regulator. Use **brokercheck.org** to check the background, including license and registration status, of anyone who tries to sell you an investment.
- **Identity Theft:** You may be asked to give personal information during a disaster to obtain assistance. Protect yourself from identity theft by freezing your credit with all three credit bureaus: Equifax, TransUnion, and Experian.



## OTHER RESOURCES AVAILABLE:

**FEMA:** Federal Emergency Management Agency (FEMA) may be available for assistance if your area has been declared a federal disaster area. Consult [disasterassistance.gov](https://www.disasterassistance.gov), local news or social media for their location and how to apply for benefits. If you have insurance, you will need to provide your coverage information to FEMA.

**Red Cross ([redcross.org](https://www.redcross.org)):** Provides food, shelter, health and mental health services and other assistance after a disaster. They may be able to assist with lost prescriptions or medical devices.

**Multiple Agency Resource Centers (MARC)s:** Local resource agencies gather to provide survivors with information and resources. Consult local media for information.

## MOVING ON & LOOKING FORWARD

**I've just gone through one disaster. What do I need to do to prepare for the next disaster?**

There are two different parts of preparation – preparing your home and preparing yourself financially.

### **Preparing your home**

While you're rebuilding, think about what you can do to minimize damage to your home during the next storm or disaster. This is called mitigation.





# Ways You Can Limit Future Damage:

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You can make changes to your home to limit damage during a future tornado, hail storm, high winds, or other natural disasters. To mitigate your home against storm damage consider doing the following:

- Remove dead trees, and trim dead or weak branches
- Remove debris and secure loose items
- Check gutters and downspouts to ensure they are clean and functioning correctly
- Caulk and weatherstrip around doors and windows
- Install impact-resistant windows and shingles
- Do regular roof assessments looking for damaged, loose or missing shingles and flashing
- Ensure your yard slopes away from your home to direct water away from the foundation
- Inspect and maintain drainage systems like sump pumps to prevent basement flooding
- Maintain your property as maintenance items are not a covered peril under an insurance policy
- Consider a portable generator for backup power and an emergency kit with necessary supplies with first aid items and important documents
- Store firewood and other flammable materials away from home, garage or deck

**A number of great resources are available online and can give you more ideas about ways you can reduce or avoid damage to your home.**

- [Ready.Iowa.gov](https://ready.iowa.gov)
- FEMA Mitigation Resources (US Department of Homeland Security)

## Preparing Yourself Financially

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Once you've rebuilt or repaired your home, and you're replacing damaged property, it's time to prepare for the future.

- You should make a list of all your stuff, called an inventory list. If you don't want to write everything down or type it into a spreadsheet, you can film a video to show your household items. As you film, you can describe important items, including when you bought the item, its condition, and how much you paid for it, if you know. There also are many mobile apps that will make it easier to create an inventory list. The National Association of Insurance Commissioners (NAIC) has a free home inventory app in the Apple App Store or on Google Play.
- Make a copy of your inventory list and keep it with your insurance policy. You could put the copy somewhere safe, such as a bank safety deposit box. You also could store a copy online.
- Put your insurance company name, policy number and company contact information somewhere you could find it in a disaster.
- Consider a fire safe or keeping important documents off site or saved electronically.
- Review your policy with your insurance agent each year to see if your needs have changed.





## CLAIM INFORMATION

Name of Insurance Company:

Claim Number:

Phone Number:

## INSURANCE ADJUSTER INFORMATION

Adjuster Name:

Adjuster Company:

Phone Number:

Adjuster License Number:

Website:

## CONTRACTOR(S)

Name of Company:

Representative:

Phone Number:

License Number:

I checked:

- ☐ They have liability insurance    ☐ With my insurance company    ☐ With the Better Business Bureau    ☐ Online search

Name of Company:

Representative:

Phone Number:

License Number:

I checked:

- ☐ They have liability insurance    ☐ With my insurance company    ☐ With the Better Business Bureau    ☐ Online search



## CLAIM COMMUNICATION LOG

Who did I talk to:

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Name of Company:

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Date/Time:

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What we talked about:

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What is next?

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Who did I talk to:

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Name of Company:

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Date/Time:

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## EMERGENCY REPAIR LOG

To help you keep track of any emergency repairs, here are some forms to help you.

Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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Repair:

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Cost of Repair:

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Date of Repair:

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## NOTES

[illegible]



Department of Insurance  
and Financial Services