

ROAD TO RECOVERY

When a Property Loss Occurs... Who's Really in Control?

Practical Guidelines When Filing Your Claim



People watched in horror in the summer of 2011 as the rising waters of the Mississippi River flooded many areas throughout mid-America. Then in 2015, devastating fires roared through Northern and Central California, wiping out scores of homes and businesses. More recently, tornadoes have carved wide paths of destruction through Texas and the Southeast. It's every apartment complex owner's nightmare: suffering a large property loss. Now is the time to ask yourself, "What do I do if a devastation occurs?"

If your apartment complex suffers a large property loss, do you know the proper steps to take to claim your loss? Considering the emotional state most disaster victims are in after their loss, it is vital to have an organized and detailed plan in place, in advance!

It has been proven that an organized and professionally submitted claim will insure higher recovery values, an expeditious settlement and eliminate the hassle normally associated with insurance claims. "The amount of recovery is dependent on the quality of claim you present," says Art Jansen, Sr., President of Jansen & Company, a public adjusting firm based in Houston, Texas.

The first step to take after you've discovered a loss is to immediately notify your insurance company and insurance agent. According to Paul Nichols, president of the Sterling Companies, an asset property management firm, "Having dealt with everything from fires to hurricanes, I understand the importance in having your on-site personnel know the proper measures to take when emergencies occur." In addition to notifying your insurance company by

telephone, send them written notification to document the initial contact. (Documentation is a very vital part of the insurance claims process since detailed proof is required when submitting all losses). Two very valuable ways for gathering evidence of damage that are often overlooked are shooting photographs and videotaping. Pictures taken are not only worth a thousand words, but can also be worth thousands of dollars when you start receiving repair bills.

Also, request that a representative of your insurance company visit the site of the disaster to see the damage firsthand. Do not remove the damaged items or begin cleanup until the insurance company has been able to tour the site and inspect the damage. Hold off having a cleaning crew discard the rubbish from the disaster site until your insurance company or public adjuster gives you approval to do so.

Your insurance company will assign an insurance adjuster who is responsible for investigating the claim; determining how much of the claim is covered by your insurance policy; and recommending the amount of payment for the claim. The adjuster assigned to your claim will inspect the damage to your property, analyze evidence of loss and review all repair bills. If the adjuster gives you a settlement that is less than fair, refer to your insurance policy for your rights to go to arbitration. Also, call your insurance company's home office if you feel your claim hasn't been handled fairly.

After your property is damaged due to a fire, windstorm, water damage, burglary, etc., you must take control of the situation and avoid making costly mistakes. Unfortunately, because insurance policies typically contain highly technical information that is difficult to understand, policyholders are placed at an immediate and distinct disadvantage.

"When I tried to deal with the insurance agency directly, I didn't feel like I was being taken seriously because they saw me as an inexperienced layperson," says Joe Sharp, president of Sharp Network, an investment property management firm. "By hiring a public adjuster I was no longer perceived to be in a position of weakness." Some things to avoid after disaster strikes:

1. DO NOT solely rely on your insurance agent for help after you experience a loss. Your insurance agent's role is completed when he sells you the policy. Selling and servicing your policy is the most you should expect from your agent. It isn't your insurance agent's job to assist with a settlement figure; it is solely up to you to prove your loss.

Insurance agents typically do not have the expertise needed to prepare a claim to recover your money after a loss. Insurance agents have little or no knowledge of the details associated with many policies and the stipulations and provisions they contain.

2. DO NOT wait until a disaster occurs to become familiar with your insurance policy. "You can never plan for Acts of God," says Sharp. "Policyholders need to have an understanding of their rights and coverages to protect themselves if anything should ever happen." Make sure your policy covers everything you own, insure these items at the replacement cost value and, if applicable, they meet the coinsurance requirements.

Also, policyholders should reevaluate the value of their property at least every two years. By reevaluating the value of your apartment complexes, you can avoid underinsuring the property. This precaution helps to avoid penalties and lawsuits.

3. When preparing your claim, DO NOT exaggerate or inflate numbers. If you have no proper documentation and no idea about replacement costs, avoid estimating the value on your own. An inflated insurance claim submitted to the insurance company will appear obvious and may result in a lower settlement than expected. Also, avoid lumping everything together when you submit your claim. When estimating the cost of damage, detail every item in every room. Breaking down the value of items damaged is a very tedious task, but it increases your chances for getting a fair settlement.

4. DO NOT overlook the importance of keeping proper records. Keep organized receipts: records that support earnings loss and keep records of purchases to help estimate replacement costs.

5. DO NOT submit an unorganized or incomplete claim. The quality of your claim is directly related to how much you will recover from the insurance company. If your adjuster cannot read or comprehend your claim, don't expect him to read between the lines. Fill in the missing pieces to give a proper itemization to your claim.

6. DO NOT be so naive as to think the insurance company will hand over the money to you just because you had a loss! Consider hiring an expert to help you, especially if you don't even know the proper questions to ask. If your loss involves liability, workmen's compensation or bodily injury, you should consider contacting a lawyer. If your loss is a property insurance claim above \$10,000.00 and falls into the category of structures, contents, business interruption and other time related losses, you should consider contacting a public adjuster.

According to Nichols, the last large insurance claim he handled on his own was extremely tedious, aggravating and time consuming. "In a 4 1/2 month period, I met 7 times with the adjuster on property, had 4-5 meetings with him in the office, exchanged 6-7 letters and had a countless number of phone calls. I needed to hire a true professional who dealt with insurance adjusters on a daily basis," says Nichols. "Even though you may have a well-rounded business background, I think it's almost a requirement (with larger claims) to hire a public adjuster."

Most people are only familiar with the adjusters that work on behalf of the insurance company. But, the role these adjusters play is to diligently represent the insurance company's best interests. Public adjusters are experts, employed by you, who are trained to understand how insurance companies deal with the complex policy requirements. One way to assure that you receive all that is rightfully and legally yours if a disaster occurs, is to hire a public insurance adjuster. "Seventy-five percent of our clients hire us within 10 days of their loss," says Jansen, "and another 25% first make an attempt on their own to negotiate with the insurance company and then contact us for assistance either out of frustration or a need to get back to day-to-day business." Although it's recommended to contact a public adjuster immediately after your property is damaged, according to Jansen, it's never too late to ask for help with your claim. "We've taken on claims that were 2-3 years old and still have been effective for our clients." It is best, if you do choose to hire a public adjuster, to contact one immediately after contacting your insurance company.

A public adjuster is an individual with expertise in the area of insurance adjusting. Many people see the word "public" and automatically associate public adjusters with the government. The title "public adjuster" is used to distinguish them from the insurance adjusters and because they represent you, the public. "When one of my properties experienced a large loss due to a fire, I immediately knew I was in over my head when I began dealing with the insurance company," says Dave Buchanan, president of Buchanan Management company, a property management company. "I realized I wasn't qualified for the job," says Buchanan, "and I needed to be represented by experts."

"My initial opinion of public adjusters was that they were ambulance chasers that preyed on people who were not familiar with insurance policies," says

Sharp. "But, after one of our properties had an extensive fire and I hired a public adjuster, I found my opinion to be totally unfounded."

"I hire a public adjuster to handle my larger insurance claims," says Sharp, "this allows time to get back to what really matters--business operations! As far as I'm concerned, time spent dealing with the insurance company is not as productive and time is too valuable to waste, especially after a large property loss," says Sharp.

"Public adjusters are hired because their expertise normally assures a higher amount of recovery, a more expeditious settlement, and eliminates the hassles associated with dealing with insurance companies," says Jansen. The typical length of time for a commercial claim under \$100,000 (without complications) is between 30-60 days. But, an \$8-10 million commercial loss could take several months. Public adjusters know just how very important it is for you to get back in business as quickly as possible. Another service some public adjusters provide is assisting clients before a disaster to ensure that they are properly prepared. Many property owners mistakenly insure their property according to current market value. This is incorrect since you must factor in the value of the land. A public adjusting company's expert staff can estimate replacement costs and advise you on the proper policy and the amount of insurance you should have.

Public adjusters have a surprisingly positive relationship with insurance companies, considering one is taking money away from the other. Sometimes insurance adjusters recommend hiring public adjusters because they realize this will expedite the entire claims process. According to Jansen, "If it is the common goal of all parties involved to settle the loss quickly and at a reasonable dollar amount, the process should go smoothly. And if the insurance company and/or the insurance adjuster wants more evidence, we are on the policyholder's team to provide it in a concise, professional manner."

How do you contact a reputable public adjuster? Contact the National Association of Public Insurance Adjusters (NAPIA) at 703-438-8254.

"Make sure your public adjuster doesn't make unrealistic promises, up-front, concerning how much money to expect. It is also helpful to use a public adjuster who has a background as an insurance adjuster," remarks Jansen.

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