

When Disaster Strikes - What to Do After an Insured Homeowners Loss

[Disponible en Español](#)

Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

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Disasters are unforeseen and unpredictable. In Illinois, the most likely disasters to strike your home (depending on your location) are tornados, floods, and earthquakes. If your property is damaged or destroyed, you will likely have many questions and be faced with many decisions. Concerns about temporary shelter, emergency repairs, and the costs of restoring or rebuilding your home can be overwhelming.

This fact sheet provides information on what to do before a disaster strikes, how to handle claims, and insurance coverage information.

For information on organizations that assist in disaster related circumstances, review our [Disasters – Who Can You Contact?](#) fact sheet.

Before Disaster Strikes

Homeowners or renter's insurance is your protection against a devastating loss. It is important to have some form of insurance coverage for your property and personal belongings. If you rent, your landlord may insure the building you live in, but the landlord's insurance doesn't cover your personal belongings. For information about shopping for homeowner's insurance, see our [Shopping for Homeowners Insurance](#) fact sheet.

Here are some things you can do **before** a disaster strikes to make claim handling a little easier:

- Inventory your personal property. Record model and serial numbers for more expensive items (i.e. televisions, DVRs, computers, etc.). Keep receipts for these items – they provide information such as: purchase price, purchase date, name of store, etc. You may even consider video recording or taking pictures inside your home. **Note:** Inventory records should be kept at a location other than your home.
- Make photocopies of your insurance policies and keep the copies in a secure location away from your residence. Keep important papers together so they will be readily available when you need them.
- Have your insurance producer and insurance company's telephone numbers readily available.
- Be familiar with the coverage of your insurance policy. Make sure you understand the difference between actual cash value (ACV) and replacement cost coverage for your contents. ACV replaces contents at cost minus depreciation. Replacement cost replaces your contents at today's prices.
- Remember: basic homeowner's insurance policies do not cover flood, earthquake or mine subsidence damages. Coverage for these perils can be added to your homeowner's insurance policy for additional premium. Contact your insurance producer for more information.

After Disaster Strikes

You should contact your insurance producer or company as soon as possible after a disaster strikes. Provide as much detail as you can about damage to your property. After a natural disaster, insurance companies may communicate the proper procedures for filing a claim via local newspapers, radio or television.

If your insurance company does not have representatives on the scene available to help you, call the company directly and ask for the claims department. The company's contact number should be listed in your policy or can be obtained through the Department of Insurance. Be sure to provide all phone numbers where you may be reached, especially if your home is uninhabitable. Your insurance company will need to contact you.

In order to take charge of your situation, it is very important that you fully understand your rights and responsibilities. Recognize that after a disaster strikes you may be emotionally distressed. This is normal. Have a trusted friend or family member assist you. If your insurance policy has been lost or destroyed in the disaster or if you are confused about the policy benefits or exclusions, ask your insurance producer or company exactly what coverages you have purchased. Ask for a copy of the policy.

Temporary Repairs

To protect your property from further damage, you should make all necessary temporary repairs, such as boarding up windows and patching holes in walls or roofs, as soon as possible--even if you have not yet seen the company representative. Listed below are some tips on making temporary repairs to your property.

- Contact your insurance company if you need emergency money to help make temporary repairs.
- If possible, take photographs to show the way things looked before you began cleaning and making repairs.
- It is your responsibility to mitigate against the possibility of further damages. This may include contacting your utility providers (i.e. water, gas, electric) to have utilities discontinued if necessary.
- **Keep all bills and receipts from repairs.**
- Do not dispose of items you believe may be a complete loss until the company representative has examined them.
- Board up windows and holes in the walls or roof.
- Cover furnishings with heavy-duty plastic or tarps, or store elsewhere.
- Be sure to get prior agreement from your insurance adjuster **before** you contract for repairs.
- Be cautious when signing repair contracts. Deal with local, reputable contractors. Contact the Better Business Bureau or the Attorney General's Office to check on a contractor's reputation. Discuss payment terms **before** you sign any contract.
- If there is a lot of water in your home, try to get it out and ventilate your property to allow for drying. Clean and dry furniture, bedding, rugs, and carpet as soon as possible.
- Try to prevent metal objects (appliances, drapery rods, etc.) from rusting by drying and rubbing or spraying with oil.
- Have electrical equipment checked by a professional before use.
- Take small valuables (jewelry, silverware, etc.) to a safe place.

Services Provided by Your Company

An adjuster from the company may come to your home and prepare a written damage estimate for the company. Be sure to get the name and telephone number of your adjuster in case you need to contact him/her or provide information to the company. You should obtain a copy of the estimate report, and do not hesitate to ask questions if you don't understand it. If you have questions or need additional assistance regarding your adjuster or company, contact the Department of Insurance.

You can also hire a public adjuster to help you with a claim. Public adjusters are usually hired by the consumer to help settle a complex or difficult loss negotiation with an insurance company. Generally, the public adjuster receives a percentage of the settlement reached (usually 10% of your claim.) Choose a public adjuster carefully. Be sure you understand what services the public adjuster will provide and the fees he/she will charge. Illinois law requires public adjusters to be licensed with the Department of Insurance. Contact our Department to verify a public adjuster's license.

The Claim Process

The claim process may begin in one of two ways: your insurance company may send a claim form, known as a "proof of loss form," for you to complete; or a claims adjuster may contact you before you are asked to fill out any forms. A claims adjuster is a person who is professionally trained to assess the damage. He/she may be a company employee or work under contract with the company.

Your policy divides your claim in two separate parts – one for the house itself and one for the personal property or contents. You may also be entitled to reimbursement for additional living expenses. The check or draft payment for the contents will be made out to you. However, the check or draft for the house may be payable to you and your mortgage holder if there is a mortgage on your house.

You may receive an advance check immediately after the disaster to cover such items as additional living expenses and clothing. It is important for you to keep receipts for all items purchased with this money because when the claim is finally settled, these expenses will be deducted. For example, clothing and personal property receipts will be deducted from the amount allowed for contents; living expenses (i.e. motel bills or temporary housing expenses) will be deducted from the amount allowed for additional living expenses.

Personal Property Damage

It is beneficial for you to have an inventory, description, and replacement cost for your damaged items. You will need to list where you bought each item, how much you paid for it, and how much it will cost to replace. It may also be helpful to include brand names and model numbers if you know them. The more information you can supply, the better your adjuster will be able to assist with your claim. **Do not throw out damaged furniture or other items of value.** The adjuster will want to see them.

If you do not have or cannot locate a complete inventory, try to picture the contents of every room and then list and describe all the damaged or destroyed items. Include furniture, major appliances, electronics equipment, pictures or accessories in each room, as well as hobby items such as fishing or camping equipment, tools, other maintenance items and seasonal items such as holiday decorations and outdoor furniture. Finding out replacement costs may help speed up the settlement process.

Building Damage

Obviously, you should not endanger yourself or your family. If your home appears to be unsafe to live in, report this fact to the insurance company and reside elsewhere. You should make a list of all structural damage to property that you want to bring to the adjuster's attention. If the company representative agrees the house is structurally unsafe, the company may hire a structural engineer to inspect your home. Your insurance provider may pay for the inspections.

However, if you and your contractor cannot agree with the company's determination, you may have to pay the costs of a mutually agreed upon structural engineer to inspect the house. If possible, get written bids from reliable, licensed contractors. The bids should include details of the materials to be used and prices on a line-by-line basis. This information should make the claim process faster and easier.

If the structural engineer determines that the dwelling is repairable, the insurance company is obligated only for the repairs. If the dwelling is not repairable, the company will adjust your claim in accordance with your policy limits and will reimburse you for the cost of the inspections.

If Your Company Does Not Respond to Your Claim

Insurance companies will most likely give top priority to critical facilities such as hospitals, police, and fire stations, and then to homes that were entirely destroyed. Depending upon the severity of your property damage, it may be some time before the company representative contacts you. In the meantime, you should take temporary measures to protect your property from further damage and begin listing all damaged items that you plan to report.

If it is necessary to vacate your home, be sure to report the address and phone number where you can be reached.

Personal Property Replacement

The type of policy you have will determine the replacement of household contents and other personal property. Most insurance policies pay the actual cash value – an amount equal to what the items were actually worth at the time they were damaged or destroyed. For example, it might cost \$1,000 to replace your sofa at today's prices. If the average useful life of a sofa is 20 years, and your sofa was 10 years old on the day it was destroyed, the company would pay you \$500.

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 for the difference. Using the above example, the company would initially pay you only \$500 for your damaged sofa. After you buy the new one for \$1,000, the company would then reimburse you another \$500 – the difference between the actual cash value and the replacement cost. Some companies also use replacement services that will locate certain items, such as appliances, for you.

As you begin replacing damaged items, be sure to keep all receipts. It may be advisable to submit accumulated receipts to the company every two weeks or so, rather than sending them in one at a time. Most policies require that you replace the contents within a specified time period from the date of loss. If you cannot meet this time period, ask your company representative for an extension. You can also submit a claim for storage costs that you incur until your home is ready for occupancy.

Valuables – Antique Furniture, Valuable Paintings, Expensive Jewelry, Etc.

Most homeowners policies place specific dollar limits on items such as jewelry, paintings, and silver, and will only pay the actual cash value of antiques (which may or may not be equal to their appraised prices). If you own these items and they are worth more than the basic policy limits, you have to purchase additional coverage to fully insure these items. If you have not done so, they may not be fully covered in your regular homeowner's policy.

Adding Items to Your Claim

Illinois insurance regulations do not permit any check or draft from your insurance company to indicate “final payment” or “release of claim” unless the policy limits have been paid or the claim is being disputed. For example, if you forgot to list your Christmas decorations, but have already accepted a check, simply contact the company representative. Unless the company has paid the entire limits of your contents coverage, you are entitled to further reimbursement. It is not unusual for an insurance company to re-open a claim for additional payment. However, it is important that you file an accurate claim in a timely fashion.

Building Repair/Replacement

Repair or replacement of your home will depend on the type of policy you have. If your policy pays actual cash value, the company will pay the cost to repair or rebuild your house minus depreciation. Companies use many different factors to determine how much to deduct for depreciation, but with an actual cash value policy, you should not expect to be reimbursed for the full amount of repairs.

Replacement cost policy – If you purchased a replacement cost policy, and have met the company's “insurance to value” requirement (the actual cost in today's market to replace your home), the company will first pay you the “actual cash value” as described above. Once the actual repair or rebuilding is completed, the company will then pay you the difference up to the policy limits. If you choose not to repair or rebuild, the company is obligated to pay you only the actual cash value. Many policies require you to rebuild at the same location, but you may be able to negotiate this requirement with the company representative.

Guaranteed replacement cost policy – If you purchased a guaranteed replacement cost policy, and have met the company's “insurance to value” requirement (the actual cost in today's market to replace your home), the company will pay the full cost to repair or rebuild your house, even if it is more than your policy limits. For example, if your policy limits are \$100,000 and it costs \$120,000 to rebuild your house, the company would pay

the entire \$120,000 under this type of policy. Some companies will only pay a certain percentage above your policy's limit (e.g. 25%).

If your home costs more to repair/rebuild than your policy allows, you may want to ask representatives at the local disaster application center or the toll free disaster tele-registration hotline if you are eligible for financial assistance.

Building Codes

Your homeowner's policy may cover the costs of meeting local/state building codes and ordinances when your home is repaired/rebuilt. Check with your agent to determine whether your policy includes a building code endorsement that will pay these expenses. In most cases, homeowner's policies do not cover the expense of bringing a house up to code or meeting certain ordinances (including floodplain requirements) if the house did not meet these requirements when it was destroyed. If your policy does not cover these costs, check with the agencies at the local disaster application center to see if you are eligible for financial assistance.

Choosing a Contractor

Be cautious when hiring a contractor – make sure you are hiring someone reputable. Here are some things to consider when looking for a contractor:

- Hire a local contractor. Deal only with established firms or individuals who can provide references and are willing to give you a signed contract.
- Check with the local disaster application center, your local building code department or the Better Business Bureau for guidance.
- Don't rush into signing a contract. Collect a number of estimates for the job.
- Obtain written estimates **before** repairs begin.
- Do not sign contracts for major repairs until your insurance company representative has determined how much damage there is and how much the company will pay.

Payment arrangements with your contractor should be handled carefully. Here are some things to consider regarding payment:

- If the repair work is extensive, the contractor may ask for periodic partial payments as the work progresses, but it is highly **unlikely** that a reputable contractor would request full payment in advance.
- The contract should specify that payments be made as the work is completed.
- If you have a mortgage on your home, the lending institution may also have specific requirements about how the insurance funds are expended.
- If there is a discrepancy over the cost of repairs or the contractor has found hidden damage, you should first contact the insurance company representative and try to resolve the difference. If you are still

unable to resolve your differences, contact the Department of Insurance at one of the numbers listed at the bottom of this fact sheet.

Where can I live while my house is being repaired?

Ask your company representative if you are insured for “Additional Living Expenses.” This coverage will pay for costs you incur that exceed your normal living expenses. For example, if you normally spend \$1500 per month for mortgage/rent, utilities, food, and transportation, and these living expenses increase to \$2000 per month because of the disaster, the insurance company will reimburse you \$500. Be sure to save all receipts.

You should also ask your company representative if there are any restrictions on amounts allowed for hotel rooms. If you stay with a relative or friend, the company may require proof of actual payments to reimburse your host for lodging. Extra expenses, such as higher utility bills, incurred by your host would definitely be considered.

Endorsements/Additional Coverages

Flood

Standard homeowner’s policies do not cover flood damage. However, if you have a flood insurance policy, your company or the National Flood Insurance Program will assign an adjustor to handle your claim.

If your home is not covered for flood damage, you should ask the representatives at the local disaster application center or the toll free disaster tele-registration hotline if you are eligible for financial assistance.

Mine Subsidence

Standard homeowner’s policies do not cover damage due to mine subsidence unless you paid an additional premium for a mine subsidence endorsement.

Earthquake

Standard homeowner’s policies do not cover damage due to earthquakes unless you paid an additional premium for an earthquake endorsement. If you do not have earthquake insurance, any damage that can be directly attributed to the quake would not be covered.

If you purchased an earthquake coverage endorsement, your company will assign a representative to evaluate your damage. If you did not purchase earthquake coverage, you should ask the representatives at the local disaster application center or the toll-free disaster tele-registration hotline if you are eligible for financial assistance.

Homeowners insurance contracts generally have a stated deductible (e.g. \$250) for claims such as fire and theft. The deductible for earthquake coverage is a stated percentage (e.g. 5%) of the amount of insurance you carry for each coverage under the policy.

If, for example, a homeowner's policy provides \$100,000 of coverage on the dwelling, \$50,000 on the contents, and \$10,000 on an unattached garage and the earthquake deductible is 5%, there would be an earthquake deductible of \$5,000 on the dwelling, \$2,500 on the contents and \$500 on the unattached garage.

Since all insurance contracts are not the same, you should ask your insurance agent to review your policy and earthquake deductible.

Your Damaged Automobile

Your car is not covered under your homeowner's policy. If you have the appropriate comprehensive or collision coverages in your automobile insurance policy, your company should reimburse you for damage to your car just like any other auto claim. Check with your insurance agent.

What Our Department Can Do to Help with Your Claim

We suggest that you contact your insurance producer and/or insurance company first. If you would like the Department of Insurance to assist you with a problem regarding your insurance company, you can [file a complaint](#) electronically or obtain a complaint form by calling one of the numbers listed below. Insurance analysts are available to answer general questions.

For more information about how our Department handles complaints, visit our [Understanding the Complaint Process](#) fact sheet.

For More Information

Call Our Consumer Assistance Hotline toll free at (866) 445-5364 or visit us on our website at <http://insurance.illinois.gov>