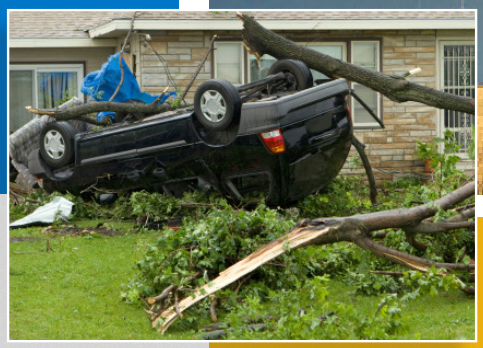








APCIA'S NATURAL DISASTER INSURANCE INFORMATION KIT

RECOVERING & REBUILDING AFTER A TORNADO

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The American Property Casualty Insurance Association (APCIA) has compiled the following information to assist consumers.

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APCIA experts are available to answer your questions.

Tornado Recovery: Insurance Checklist and Tips

In a matter of minutes a tornado can wipe out a neighborhood or an entire community. The good news is that most tornado, windstorm, hail and similar severe weather related losses are covered by homeowners, renters or business insurance policies.

Tornado damage to vehicles is covered under the comprehensive portion of auto insurance policies. Tornado losses to a home are covered by the "windstorm" peril under homeowner and business insurance policy. Renters, condo/co-op and mobile home insurance policies also provides coverage for tornado damage.

There are key steps homeowners can take to help ensure their safety and assist in the claims filing process. These tips provide consumers with a general list of actions to take after a catastrophic event.

PUT SAFETY FIRST - The safety of you and your family must be the first priority.

- ✓ Follow the advice and directions issued by local authorities.
- ✓ If the authorities ask you to evacuate, do not return until they report that it is safe and secure.
- ✓ If you are evacuated, contact your insurer or agent through their toll-free telephone number to start the claims process.

ADDITIONAL LIVING EXPENSES (ALE) - If your home is damaged and civil authorities order an evacuation, the typical homeowners policy will provide reimbursement for expenses such as the cost of hotels, clothing and food. This provision helps in paying for increases to necessary living expenses but does not pay for all living expenses; it covers only the increase over normal living expenses.

- ✓ If a covered loss results in your home being unsafe to live in, you may be eligible for additional living expenses.
- ✓ Save hotel, laundry, and restaurant receipts for your claim adjuster to review for potential reimbursement.
- ✓ The additional living expense coverage limit varies by insurer, so it is important to contact your insurance company or agent for details.

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IF YOUR HOME IS DAMAGED – Survey the property for damage and potential safety hazards.

- ✓ Make temporary repairs if it safe to do so. If there are holes in your roof or broken windows, be sure to cover them as quickly as possible so that wind and rain does not cause further damage.
- ✓ Keep all receipts for any materials you purchase to assist with repairs. You may submit your receipts to your insurance company for reimbursement.
- ✓ Contact your insurer to report all damage as soon as you can in order to get your claim process started and recovery underway.
- ✓ Make a list of damaged items. If possible put together a set of records, such as receipts, bills and photographs, to establish the age of everything that needs to be replaced or repaired.
- ✓ Identify the structural damage to your home and make a list of everything you would like to show the adjuster.
- ✓ Do not throw out damaged furniture or items, your adjustor will need to see them. Document the damage by taking photos or video.

IF YOUR HOME IS A TOTAL LOSS - Contact your insurance company or agent to initiate the claims process.

- ✓ The ALE provisions of your policy will enable you to secure temporary housing.
- ✓ If you own your home, continue paying your mortgage. If a home is destroyed the mortgage and property taxes still need to be paid while the home is rebuilt or the land is sold.
- ✓ Arrange for your insurance company to inspect the damaged property as soon as possible.
- ✓ You will need an inventory of the contents of your home
- ✓ Check whether your policy pays replacement cost, or actual cash value for a covered loss. Actual cash value is what you would pay for the item at today's cost minus depreciation due to wear and tear or age. Replacement cost reimburses you for the loss at what you would pay for the item today. Settlement for replacement cost often may additional payment once the item has been replaced.

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BUILD BACK BETTER - Make this the last time you rebuild.

- ✓ Low interest Small Business Administration (SBA) Disaster Loans may be available to help you rebuild your home or business to higher construction standards, beyond local building codes to reduce the chance of future damage.
- ✓ SBA disaster loans for mitigation are available for up to 20% of the total amount of the SBA-verified physical damage losses. These loans can include additional funds for structural improvements such as building stronger roofing systems, building a safe room, or elevating your property to lessen the effect of future disasters.
- ✓ Studies indicate stronger construction helps properties in high risk areas become more resilient to the increasing effects of climate change, which may produce more frequent and severe storms, such as hurricanes.

To learn more, visit **https://ibhs.org/sba/**.

Frequently Asked Questions

Q: I've reported my claim; now what should I do?

A: Take steps to prevent further damage, otherwise additional damage may not be covered. Don't attempt permanent repairs or dispose of any damaged property before an adjuster can see it to assess the extent of your damages. However, if debris is dangerous, homeowners should carefully document their losses and then dispose of the debris. Photograph or video any perishable items and retain all receipts for emergency repairs and additional living costs to substantiate claims.

Q: How long does it take to settle a claim and what can I do to speed up the claims process?

A: Due to the nature of this event, consumers may need to exercise some patience as insurance adjusters work through the influx of claims. However, insurers are responding as quickly as possible.

Generally, priority of settling claims goes to the most severe losses. Larger claims typically are settled in stages, not all at once. Steps such as taking photos or video of the damaged property are helpful. If possible, create records listing all damaged property, including a description, the age, original cost, place of purchase and estimated replacement or repair cost. Include any receipts or canceled checks for these items. Given the volume of claims, there could be some paperwork delays. Each claim is unique since the types of homes and their contents differ greatly.

Q: What if I can't live in my home due to damage or because it is being repaired?

A: The cause of the loss and the type of policy in place will determine whether "additional living expenses" will be covered and the extent of the coverage. If the home is damaged by a covered loss, then there may be coverage for additional living expenses such as food and temporary housing. Retain all receipts for such expenses so you can discuss them with the adjuster. Incurring these costs should be in line with normal living expenses and must be a necessary and direct result of the loss.

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Q: What if my claim payment for damages is not enough?

A: Check your policy and discuss the payment amount with the adjuster. Your policy may have a "Replacement Cost" provision, which means the insurer will provide benefits that will replace your damaged covered property up to your policy's dollar limit. This may occur in multiple payments, if the policy requires items to be replaced to recover the full benefit. Otherwise, actual cash value coverage will subtract from replacement cost some amount for depreciation, age or obsolescence.

Q. What can a policyholder do if he or she feels mistreated by an insurance adjuster?

A: State laws exist to protect consumers from unfair practices in the claims-handling process. A company is subject to legal penalties if it fails to settle valid claims promptly and fairly or misrepresents policy provisions. Claimants who feel they have been treated unfairly should contact their state insurance department.

Q. Does the adjuster have the final word as to how much the insurance settlement will be?

A. No. Policyholders should bring their own contractors to represent them during an adjuster's inspection of the property, and get bids from three contractors on the repair work. If a property owner disagrees with the adjuster's estimate, the bids can be shown to the company.

Through the claims adjustment process, it usually is possible to agree on an adequate settlement. Also stipulated in policies is a process called "appraisal," where appraisers representing the property owner and the insurance company review the loss and make their own estimates. If they cannot agree, an umpire makes a final decision that may be binding on both the homeowner and insurer.

Flood Insurance: What Consumers Need To Know

The severe weather that brings the potential for tornadoes can also cause flash floods and contribute to river flooding. While damage caused by most disasters is covered under a standard homeowners insurance policy, there are a few exceptions including damage caused by a flood. This must be bought as a separate policy through the NFIP or the private market, although some insurers may offer it as an endorsement to the homeowners policy..

WHAT DOES FLOOD INSURANCE COVER?

- Flood insurance covers direct physical losses by flood and losses resulting from flood-related erosion caused by waves or currents of water accompanied by a severe storm, flash flood, abnormal tide surge, or a similar situation which results in flooding.
- The standard flood policy for homeowners covers structural damage, your air conditioner, furnace, water heater and cleanup associated with a flood. In addition, you can purchase coverage for the contents of your home as part of the flood policy.
- Buildings are covered for replacement cost but coverage for personal possessions is available on an actual cash value basis only. Coverage for the contents of basements is limited and usually only covers a home's foundation elements and equipment that is necessary to support the structure (for example: furnace, water heaters, circuit breakers, etc.).
- There is a 30-day waiting period before the coverage becomes effective.

WHAT IF YOU DON'T HAVE FLOOD INSURANCE?

Federal Disaster Assistance may be available in the form of grants and loans if a flood has been declared a federal disaster. If you receive Federal Disaster Assistance for a flooded building, you will need to obtain flood insurance, which is one of the requirements for federal grants and low-cost loans. They also will need to maintain the flood insurance for the life of the loan. To learn more about federal disaster assistance call 800-621-3362 or visit **www.disasterassistance.gov**.

Use Caution in Selecting Repair Contractors

For homeowners who are able to begin the rebuilding process, APCIA urges you to use caution in hiring a contractor or other workers to help repair and clean up storm damage.

As the rebuilding process gets underway, unlicensed contractors and scam artists may be looking to cash in on your misfortune. It is natural for homeowners to be in a hurry to begin making repairs following a natural disaster. However, you will save yourself a lot of time, money and frustration by taking the time to check the credentials of the businesses and individuals that you hire to repair your property.

- ✓ Before contracting for services, check references. It can be helpful to see who is working with your neighbors who may also have claims. To maintain your trust and business, insurers devote many resources to ensure that the claims process is smooth, easy and meets your needs. Your insurer and agent are excellent resources to help you access the services you need to handle your claim.
- ✓ Be suspicious of any contractor who tries to rush you, especially on non-emergency or temporary repairs. If possible, shop around for a contractor by getting recommendations from friends and neighbors. Be wary of anyone knocking on your door offering unsolicited repairs to your home.
- ✓ Never pay for work up front. Always inspect the work and make sure you're satisfied before you pay. Most contractors will require a reasonable down payment on work, but don't pay anything until you have a written contract.
- ✓ Get three written estimates for the work and compare bids. Check credentials with the Better Business Bureau or state attorney general's office to see if the firm has any outstanding complaints.
- ✓ Always have a written, detailed contract that clearly states everything the contractor will do, including prices for labor and materials, clean-up procedures, and estimated start and finish dates. Never sign a contract with blank spaces, which a crooked contractor can alter after he's gotten your signature.
- ✓ Don't believe a contractor who says he's supported by the government. The Federal Emergency Management Agency (FEMA) does not endorse individual contractors or loan companies; call FEMA toll-free at 1-800-621-FEMA for more information.
- ✓ Avoid paying with cash; use a check or credit card instead. This creates a record of your payments to the contractor.

Stay Alert to Price Gouging Scams

As residents begin the process of recovery APCIA urges consumers to report instances of price gouging and home repair scams to the state attorney general.

After suffering from the effects of a natural disaster, consumers should not be victimized for a second time by the actions of unscrupulous businesses or scam artists. Consumers should beware of individuals that may use this natural disaster to unfairly profit from tornadoes victims. If you experience an unreasonable spike in the price of building supplies or someone charging excessive fees to repair your home be sure to contact the state attorney general office.

Many important financial decisions must be made following a natural disaster and often these decisions must be made in a short period of time. During these times it is particularly important that you take the time to do your homework and make decisions that will be in your long-term best interest.

IF YOU SUSPECT PRICE GOUGING:

- ✓ Make a copy of the bill, invoice or receipt.
- ✓ Get the estimate for repairs and clean up in writing. Request that estimates be itemized.
- ✓ Note the specific details of the item being purchased such as the manufacturer's name, the grade and quality of the item so that an apples to apples price comparison can be made.

TO AVOID BEING THE VICTIM OF PRICE GOUGING:

- ✓ Plan ahead and have on hand an emergency supply kit that contains water, flashlights, batteries, portable radio and non-perishable food items. During emergency situations, these items are often subject to extreme price swings.
- ✓ Research the number of past consumer complaints about a contractor with the Better Business Bureau (www.bbb.org).
- ✓ Work with licensed contractors and demand that they provide proof of their licensing.
- ✓ Do not allow someone to intimidate you or pressure you into making a rushed decision about purchasing goods or services.

Public Adjusters: Be an Informed Consumer

Insurance companies devote many resources to ensuring that the claims process is smooth, easy and meets your needs. When you file a claim your insurance company will assign a claims adjuster to review and handle your claim from beginning to end. Your adjuster will:

- ✓ Walk you through the entire claims process and answer questions.
- ✓ Estimate damage to your property.
- ✓ Fairly and promptly settle your claim.

However, following natural disasters it is not uncommon for contractors called "public adjusters" to canvass an area offering to help consumers settle insurance claims for a fee. As with any contractor seeking business at this time, it is important to closely examine the service being sold to prevent being victimized by scams and fraudulent business practices. As an example, an alarm bell should go off if you hear claims that a public adjuster can negotiate an extraordinarily large settlement for you.

Generally speaking you don't need to hire a public adjuster because your insurance company/agent offers the same services at no charge. However, keep in mind that the adjuster's fee, often 10 percent, comes out of the settlement amount you receive to repair your property.

If you are considering a public adjuster it pays to be an informed consumer:

- ✓ Check the public adjuster's qualifications by calling the state insurance department. In most states public adjusters must be licensed.
- ✓ Be careful of individuals that go door to door following a natural disaster.
- ✓ Ask about their fees and get a written contract outlining the fees and services
- ✓ Be careful about authorizing anyone to work for you without fully understanding what you will receive. An authorization to review a policy may be a contract for service.
- ✓ Watch for potential conflicts of interests that may prevent the public adjuster from doing his or her best for you.
- ✓ Avoid public adjusters that misrepresent themselves as being part of a government agency or being sent by your insurance company or agent.

If you have a question or a complaint against a public adjuster you should contact your state insurance department.

The Bank's Role in Insurance Payments

If you have a mortgage on your home and sustain significant damage ($10,000 or more) after a natural disaster, be sure to contact your bank or loan servicer after you submit your insurance claim. Based on the mortgage loan documents you signed, your insurer is required to make the settlement check payable to you and the bank. This is designed to ensure the bank's interest in the property is protected and the insurance proceeds are used for repairs.

Generally, the banks will hold the money in an escrow account. Payments are released in installments as the repair work progresses. The banks will also conduct inspections of the work being completed and have other rules regarding the release of payments.

In the vast majority of cases, the process of getting insurance proceeds released occurs seamlessly. However, after a major natural catastrophe, the volume of claims can overwhelm the banks and the process could take longer to complete.

TIPS FOR WORKING WITH YOUR BANK OR MORTGAGE LOAN SERVICER:

- ✓ Contact your bank or mortgage servicer immediately and ask about the process they will require to complete the construction and repair of your property.
- ✓ Provide the bank with the contractor's bid and how much money is needed up front to start the job.
- ✓ Stay in touch with your bank or loan servicer and follow the instructions they provide.
- ✓ Don't expect to get all of the proceeds at once. Generally, one-third of the money will be released to get the repair work started. At the half-way mark another on-third will be released and the final one-third will be released upon completion of the job.
- ✓ If the check you receive from your insurer includes payment for the loss to contents or additional living expenses, the bank or loan servicer should release those amounts immediately. Only payments related to the structural losses should be held in escrow.
- ✓ Once the work is completed, do not sign over the check to contractor until you are satisfied with the job.

Business Recovery Information

In the aftermath of natural disasters, businesses should take immediate steps to minimize damage, speed up the claims process and accelerate business recovery. APCIA recommends several steps for business owners to take to expedite the recovery process.

- ✓ Assess the damage and report all damage to your insurance company agent as soon as possible. Take pictures of your building and contents to document the damage. Check for safety hazards, such as downed trees, branches, downed power wires, and leaking gas. If you discover gas leaks or live wires, notify your utility provider immediately.
- ✓ Secure property from further damage or theft by covering all openings that may have occurred, such as broken windows or a damaged roof. Keep all receipts for anything purchased for that purpose so they can be submitted to your insurance company. Do not attempt to make permanent repairs on your business until an adjuster has inspected it.
- ✓ Be prepared to list the "replacement cost" of each item and its actual cash value. Replacement cost is what it would cost today to replace an item with another one just like it. Actual cash value is what the item is really worth after deducting for depreciation and wear. Attach any documentation you can (receipts, photos, canceled checks, credit card statements, warranty booklets) to your claims report.
- ✓ Restore your utilities, phone service, gas lines, and other important links as soon as possible.
- ✓ Business interruption coverage is complex and will vary by insurers. It is important to read your policy and understand what is and is not covered.
- ✓ As you seek contractors to make repairs, deal only with reliable, licensed professionals. Ask for and verify references and contact local police, chamber of commerce or Better Business Bureau for complaint information involving a contractor. Your insurance company may also have referral options for contractors. Receive at least two bids on the cost to repair or replace damaged property. Get written bids from the contractor, but don't sign any contracts or give a deposit until you have seen your insurance adjuster.
- ✓ Hire a professional cleaning service for your place of business. If you or your employees get involved in clean-up efforts, use safety items like proper eyewear, gloves, hardhats, dust masks and respirators.
- ✓ Keep detailed records of business activity and extra expenses during the interruption period, and prepare records to show the income from the business both before and after the loss.

Claim Filing Worksheet

This worksheet will assist you in documenting and filing your insurance claim

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REPORT THE CLAIM

Document the Following:

Insurance Company Name _____

Name of Agent or Representative _____

Phone Number (_____) _____ Date _____ Time _____

DEDUCTIBLE INFORMATION

Document the Following:

Amount You Are Responsible For? _____

Is the Deductible a Percentage of Your Coverage Limit or Specified Amount? _____

Are There Separate Deductibles for Each Type of Coverage? _____

TEMPORARY REPAIRS

Document the Following:

Type of Repair _____ Cost _____ Date _____

Type of Repair _____ Cost _____ Date _____

Type of Repair _____ Cost _____ Date _____

Attach Receipt(s)

CLAIMS ADJUSTER VISIT

Document the Following:

Name _____

Address _____

Phone Number (_____) _____ Date _____ Time _____

CORRESPONDENCE

Document the Following:

Record Date of Each Contact _____ Time _____

Record Date of Each Contact _____ Time _____

Record Date of Each Contact _____ Time _____

Attach Letters, Estimates and any Correspondence Associated with the Claim

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Home Inventory Worksheet

Following a natural disaster prepare a detailed listing of the damaged or destroyed property. If possible, include receipts and other documents that verify cost of the items listed. This provides an example of the information you need to collect.

KITCHEN					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost
LIVING ROOM					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost
BEDROOMS					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost
BATHROOMS					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost
BASEMENT					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost
KITCHEN					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost
OTHER					
Description of Item	Make	Model or Serial #	Quantity	Date Purchased	Cost



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