



INFORMATION FOR CLIENTS OF TEXAS ATTORNEYS

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Dealing with Insurance Claims After a Hurricane

BY BRENT COON AND ERIC NEWELL

Hurricanes Ike, Gustav, and Dolly damaged or destroyed thousands of properties throughout Texas. If you are among those who must rebuild and repair your home or business, you will have to deal with insurance companies, contractors, and mortgage companies. This article is intended to provide you with simple answers to the most common questions regarding your insurance claim.

How do I get my insurance company to pay for all the damage to my home?

First, contact your local agent to report the claim, preferably in writing. The insurance company should acknowledge your claim and send an adjuster to your property to inspect the damage. When you meet with the adjuster, point out all of the damage you suffered during the hurricane. The more accurate this initial insurance claim estimate is, the more likely you can avoid a dispute.

Next, ask local contractors to provide independent repair estimates for your home or, if you plan on doing the repairs yourself, get an itemized list of materials you will need from your hardware store. If there is a discrepancy between these estimates and the adjuster's offer, submit the contractor's bids to your insurance company.

When you send the bids, include a letter requesting that the insurance company accept the amount from your contractors as the "necessary amount" needed to repair your home. If any part of your claim is denied, ask your insurance



company to specifically point out, in writing, which provisions allow denial of coverage for your claim. If your insurance company continues to deny coverage, you should consult an attorney.

Why not hire an attorney at the outset to handle the claim?

There is a difference between an insurance claim for storm-related damages and a legal claim against your insurance company for not attempting, in good faith, to settle your claim. The insurance claim for storm damages is a matter between you and your insurance company. Once the claim is made and the damage assessed, your insurance company should provide you with

enough money to repair your home and return it to its pre-storm condition.

A bad-faith claim against your insurance company needs to be handled by an attorney. This legal claim arises when your insurance company either wrongfully makes a final denial of your claim or makes a final offer of payment that would not allow you to make the necessary repairs. Before hiring an attorney, you should exhaust all internal appeals available to you within the timelines specified in your insurance policy.

Do I need to do anything different if I own or manage a business?

No. The claims process for homeowners or business owners is the same. How-



ever, commercial insurance policies often contain additional coverage not found in residential policies, such as business interruption coverage for income lost due to a storm. Although this coverage may be part of a separate policy, you should review your regular policy carefully to determine if you are eligible for this coverage.

How do I know which contractor to hire?

Ask friends, coworkers, and family about contractors they have used in the past. If possible, choose someone who is local, insured, and bonded. It is also a good idea to check a contractor's reputation with the local Better Business Bureau (www.bbb.org) and the Texas Residential Construction Commission (www.trcc.state.tx.us). Some contractors may request a down payment to pay for materials, but reputable contractors will not ask for the entire amount up front.

What happens when I get my check?

If you have a mortgage on your home, the check will be made payable to you and your mortgage company. The mortgage company has the right to ensure that the repairs are made fully in a timely manner. The mortgage company may hold the check in an escrow account and make disbursements as repairs are made. Depending on the language in your mortgage contract, the company may or may not have the authority to do this, so review your mortgage documents carefully.

To simplify this process, provide your mortgage company with the same information you provided to your insurance company during the claims process. Additionally, make sure you photograph and document the repairs as they are made to demonstrate how the repairs are progressing.

Even without a mortgage, you should

not pay your contractor for all repairs up front. Pay your deposit, if any, and then make additional payments as repairs progress.

What else should I be aware of?

Keep all of your receipts for the repairs. If another hurricane or tropical storm damages your home in the future, your insurance company may ask for

proof that you made the repairs you are currently claiming.

If roof repair is required, make sure you get a Texas Windstorm Inspection from the Texas Windstorm Association (<http://www.tdi.state.tx.us/wind/index.html>). Failure to obtain this certificate may prevent you from making a claim for damages to your roof in the future. ❖



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