



Frequently Asked Questions About Property Damage Insurance Claims in Alabama

This publication offers general guidance and answers to common questions people ask after a loss when they are dealing with an insurance claim. Rules and procedures vary state to state and company by company. This publication is applicable to residents of the State of Alabama.

United Policyholders strongly recommends starting by reading our [Top Twenty Tips](http://www.unitedpolicyholders.org/pdfs/TopTwentyTips.pdf) (<http://www.unitedpolicyholders.org/pdfs/TopTwentyTips.pdf>).

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1. How long will it take before my insurance company settles with me?

That depends on the amount of damage, cause of the loss, and whether it is considered a total loss eligible for prompt reimbursement under the Alabama Valued Policy law. If there is any dispute over the cause (“cause and origin”) of the loss, there are sure to be delays. The less severe the damage and less complicated the situation is, the faster your settlement will be.

Normally, it should not take more than 30-60 days. If, **and only if**, it makes financial sense for you to do so, you can write a letter to your insurance company requesting that they pay off your mortgage company right away to avoid further interest payments on your home loan.

2. How long after I file my claim will it take for the insurance company to send someone out to inspect the loss site?

Normally only a day or two. Under a widespread catastrophe situation (hurricane) it may take as long as a couple of weeks.

3. What are my duties and what are my insurers' duties after a loss?

You should immediately report the loss to your agent or insurer, protect your property as much as possible from additional damage (tarp the damaged roof, turn off or cap the leaking plumbing, etc.), and take photos and preserve the evidence of the damage. Don't start throwing things away until your insurer and your own experts have completed their inspections. You'll also need to document the value of what you lost and how much it's going to cost to put you back where you were. (See Top 20 Tips: <http://www.unitedpolicyholders.org/pdfs/TopTwentyTips.pdf>).

Your insurance companies duties include: Promptly and thoroughly investigating all damage, staying in touch with you (answering your calls and letters), making a reasonably prompt decision on paying or denying your claim, and, most important of all; paying all benefits owed under the policy without undue delay.

Alabama has rules in place to protect you in your dealings with insurance companies. These rules spell out what your insurer is supposed to do after a loss. They include answering letters and phone calls within 15 days, investigating in full and making a timely, fair settlement offer within a reasonable time after you have given them adequate proof of your loss. Your insurer must act reasonably and try to settle all covered claims fairly – which means paying or denying your claim within 30 days after receiving satisfactory proof. You'll find these rules here: <http://www.alabamaadministrativecode.state.al.us/docs/ins/1ins125.htm>

In every insurance policy there is wording that explains what you and your insurer are supposed to do after a loss. Do your best to read it, and if you're unclear about what it requires you to do ask your insurer and/or your state [Department of Insurance \(http://www.aldoi.gov\)](http://www.aldoi.gov).

4. Do adjusters in Alabama need to be trained and licensed?

Insurance company adjusters need to be licensed in Alabama. Public Adjusters do not.

Debris Removal

5. Who is responsible for clearing the debris from my lot and is that covered under my policy?

You are responsible for hiring and supervising repair and construction professionals, unless your insurer has insisted you hire professionals of their choosing. If your insurer has recommended or insisted that you hire a specific professional, they become responsible to make sure that person does satisfactory work for a fair price. This includes debris removal. Your insurer is responsible for paying for debris removal/lot clearing up to your policy limits. Most policies include an additional 5% of the Dwelling limit as additional coverage if needed for this purpose.

6. Is there anything I need to do before my lot gets cleared?

Yes, you should settle your claim on the building before clearing the lot. Don't do anything (other than protect from further damage is possible) with the building until there is an agreement as to the amount of the loss.

7. The city/county/state is offering a coordinated lot-clearing program. If I participate, am I protected if the cost ends up being more than my coverage for debris removal?

Your limit is your limit on the insurance side. Check with your city/county/state for their side of this question.

Cause of loss/Expert opinions

8. The cause and origin of the event that destroyed my home is not 100% clear. What do I need to do to protect myself?

Get independent, expert help immediately. Employ an expert who is not dependent on his or her good relationship with the insurance industry for his or her livelihood.

9. Do I need second opinions about everything my adjuster says – or just “big ticket” items related to *causes and amounts* of damage?

Go with your gut feeling on this. Certainly get second opinions on the big-ticket items and the outcome on these will help you decide if you need to check further.

10. What kinds of professionals/experts typically get involved in evaluating a total loss insurance claim?

Company adjusters, public adjusters, repair and building contractors, engineers and landscape contractors/arborists.

Temporary/Additional Living Expenses

11. Will my insurance company make arrangements for temporary housing?

Yes, but a word of caution. *You* have the final say on where you put your family. You are entitled to housing that maintains *at least* your normal standard of living and in the interest of your family through this very difficult period of time, you should insist on this with polite but firm resolve.

12. What items can I claim for reimbursement under the Additional Living Expense (ALE) portion of my coverage? And how long will my insurer cover my temporary rent/living expenses?

Claim every living expense that is beyond the norm for you and your family, including accommodations for your pets, additional mileage to get to work from your temporary location, mileage to inspect and protect the damaged home, etc. Keep all receipts for eating out and any other living expenses in an envelope so that you have them at the end of the process.

Your policy will specify whether your ALE is limited to a set time period or just a dollar amount. ALE generally covers at least a year of expenses. You should both ask your adjuster, as well as read the applicable section of your policy, so there are no surprises.

13. What if I run out of ALE coverage before my home is rebuilt?

Then you are on your own for the remaining living expenses. Don't let this happen and get clear on this early in the process. However, if you can document that your insurance company is at fault for repair/rebuilding delays, request an extension of time and do your best to negotiate for what you need. Get help from the [Alabama Department of Insurance \(http://www.aldoi.gov\)](http://www.aldoi.gov) if need be.

14. Will my insurer cover the cost if I live in a trailer during reconstruction?

Sure, if that is equal to your normal standard of living.

Insurance Payments

15. What are the rules in my state on:

a. Actual Cash Value?

In Alabama ACV normally is defined as Replacement Cost less Depreciation for age and condition at the time of the loss (may vary slightly if your policy explicitly defines the term.)

b. Replacement Cost?

Cost to replace new with exact same item or an item of like kind and quality.

c. Depreciation?

Deduction from the new cost (Replacement Cost) to allow for the age and condition of the used item in order to arrive at its Actual Cash Value.

16. The insurance company says it will only pay according to its “pricing guidelines.” The guidelines are really out of date—what can I do?

There is no such thing as an acceptable standard pricing guide. It is important for you to get your own quotes through real life sources including vendors/stores, the Internet, catalogs, appraisals, etc. Provide copies of catalogue pages, web pages, etc. to your insurer for your pricing and make your claim. Be prepared to hold your ground as they are supposed to start with a true Replacement Cost in their calculations. Take a look at UP’s sample estimates and Depreciation Guide for help: http://www.unitedpolicyholders.org/claimtips/tip_samples.html

17. My insurance company is refusing to pay anything up front for my contractor’s overhead and profit. I don’t have the cash to advance this item, and he won’t get started without it, so I’m stuck.

Get the insurer to confirm in writing that they *will* pay for O&P once the work is complete – that should satisfy your contractor enough to get started. If not, you might start shopping for a new contractor. If your insurer refuses to pay a fair amount for O & P even after the work is done, consult with a local lawyer who is experienced in handling property damage insurance matters. Start in the “Find Help” section at www.uphelp.org.

18. How much overhead and profit is standard in Alabama?

The industry standard for decades has been to allow for 20% (10 and 10) O&P.

19. My insurance company keeps reducing what they’re going to pay by “depreciating” items in my claim; what can I do?

Negotiate for fair depreciation amounts. Make sure to submit receipts and collect in full after you repair and replace items your insurer depreciated. Insurers almost always apply depreciation to deduct from amounts they pay on your claim. Sometimes you can recoup the deducted amount, sometimes you can’t.

Generally, you can recoup what was depreciated if you have a “Replacement Cost” policy. If you have an Actual Cash Value (“ACV”) policy you cannot. Insurers will apply depreciation to both dwelling and contents items.

Depreciation taken by your insurer should always be *reasonable*. For items like antiques, collectibles, etc., the market value should be paid without deducting any depreciation. Depreciation is also **negotiable**. You can and should challenge unreasonably high amounts taken for depreciation. The age, condition and type of item will often determine the amount of depreciation that is applicable. Read UP’s [Depreciation Basics](http://www.unitedpolicyholders.org/pdfs/DepreciationTipSheet.pdf) (<http://www.unitedpolicyholders.org/pdfs/DepreciationTipSheet.pdf>) for more info.

Deadlines

Your policy contains deadlines. Your insurer may extend them if you ask the right person in the right way, or they may not. It never hurts to ask your insurer in writing if it will agree to extend a deadline. If you need an extension for a good reason or because of forces beyond your control, but your insurer unreasonably refuses, contact the AL. DOI and/or a qualified attorney. **Be very careful not to blow deadlines in the policy or you may lose your rights to collect monies owed to you.** The main deadlines in your policy relate to:

- Submitting proof of loss
- Submitting receipts for reimbursement of full replacement cost
- Filing suit

20. The insurance company is pressuring me to complete my contents inventory, but I just can't remember everything yet. What can I do?

Take your time, focus and get it done or get professional help. Completing an itemized personal property/contents inventory after a major loss is tedious and emotionally painful and it is easy to keep putting off. But your claim won't get paid unless you complete it. If you rush through it, you'll leave items off and recover less than you're entitled to.

Time-Saving Tip: Go to a large store and use a gift registry scanner to put together a list of items similar to what you lost, along with replacement cost pricing. If you just can't face this task, or are really behind getting your list done, get help from a public adjuster or home inventory professional. Use the "Find Help" directory at www.uphelp.org and check references to find the right person for the job.

Common problems and help resources

21. What are the most common insurance problems for property owners in my state who have a loss and file a claim?

The most common problem in Alabama is receiving a loss valuation or settlement offer from your adjuster that is less than your actual loss. You should not have to come out of pocket following a typical insurance claim for any more than your deductible. Be prepared to put some time in and protect your interests. Get help if you suspect this is happening (see question 25 below.)

22. How can I find out what my rights are and what the rules and laws are that apply to insurance claims in Alabama?

Call the Alabama Department of Insurance at 334-269-3550, email them at Insdept@insurance.alabama.gov, or visit them on the web: <http://www.aldoi.gov>. They have publications and other helps that they will send to you. Additionally, a public adjuster (licensed in a neighboring state) can provide a lot of helpful guidance. A local attorney with experience handling insurance matters for policyholders (not just for insurance companies) can be very helpful.

23. Will the Alabama insurance commissioner's office help me if I run into problems?

Normally, yes. But they won't represent you in negotiations with your insurer or give you legal advice.

24. The estimates I've received are much higher than the insurance company's estimate. How can I break the logjam and still hire the contractor I trust?

First, try to resolve the dispute and include your contractor in the discussions on site. If the disagreement remains utilize the Appraisal provision of your policy and employ an Appraiser with experience to help you – usually not your contractor. Don't go to Appraisal without an experienced appraiser. The outcome is binding and if you lose, you really lose.

For more on the Appraisal process, read UP's publication, [The Policyholder Can Win In Appraisal](http://www.unitedpolicyholders.org/pdfs/PolicyholdersCanWinInAppraisal.pdf) (<http://www.unitedpolicyholders.org/pdfs/PolicyholdersCanWinInAppraisal.pdf>). You can also go to UP's [Property Damage Claim Help Library](http://www.unitedpolicyholders.org/claimtips/tip_property.html) (http://www.unitedpolicyholders.org/claimtips/tip_property.html) for additional information and help.

25. The insurance company is pressuring me to accept a settlement but I think it may be low. What can I do?

Three suggestions:

1. Do your own loss evaluation and get the expert opinions you need to document the loss (engineer, contractor, etc.). If they remain disagreeable utilize the Appraisal provision of your policy and employ an Appraiser with experience to help you – usually not your contractor.
2. If you feel the insurance company's offer for settlement is too low, you can always politely reject it in writing with an explanation as to why.

Then, read [UP's Speak UP: How to communicate with your insurance company](http://www.unitedpolicyholders.org/pdfs/Effective_Claims.pdf) (http://www.unitedpolicyholders.org/pdfs/Effective_Claims.pdf).

3. You can always submit a partial claim and note to the insurance adjuster that there will be additional items forthcoming. You can always ask for extensions of time and get help from the Alabama Department of Insurance if your insurer unreasonably denies the request.

26. Do I have to accept the dollar amounts the insurer offers me?

No. Make your own claim and if you know you are right stand firm and argue your case. Settling an insurance claim fairly almost always requires strong negotiation and a willingness to go nose to nose, even though we all know it shouldn't be this way.

27. Are there different types of adjusters?

Yes. 1) Insurance company adjusters that work for insurance companies, and 2) Public Adjusters that work for you, the policyholder. However it is important to note that Alabama laws are unique with regard to public adjusters, so make sure if you use one, that he or she is experienced in Alabama, and is working under a law firm umbrella.

28. If I hire a professional to help me negotiate a fair claim settlement, won't their fee come out of the money I need to rebuild/replace what was destroyed?

You will be responsible for your public adjuster's fee. It may apply as a percentage of the whole loss, or, sometimes they will work for you on a percentage only of any additional money that their work obtains.

29. Are public adjuster fees regulated or capped in Alabama?

No, in Alabama there are very unique issues regarding Public Adjusters, and there is no licensing provision for them, so no fee regulations.

30. What is the typical fee for a public adjuster?

There is no "typical" fee. Fees vary. Fees depend on the size and complexity of the loss, whether it is a commercial or residential property, and whether you're hiring the PA to negotiate your entire claim or just parts of it (building, contents, ALE, inventory, business interruption, etc.). As stated above, some PAs charge a fee based on a percentage of the total loss, and others charge only a percentage of any additional money that their work obtains.

31. If I hire a public adjuster to represent me, will he or she pay for expert reports/inspections, etc. or will I?

This is negotiable, and should be a part of the employment negotiations right from the start. Get this clarified up front and put it in the agreement.

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32. If a dispute arises between me and the insurance company or an adjuster, where can I turn to for help?

Call a public adjuster or an insurance claim consultant. Call your Department of Insurance. Call an attorney.

33. What are my options if my insurer and I don't agree on:

a. Costs?

Chase down the backup (receipts, etc.) to support the costs that you are claiming or have incurred.

b. Type of work that needs to be done?

Get your own valuation of the loss, and use a public adjuster, contractor, engineer, consultant, etc. to support your valuation.

c. Professional opinions?

Get your own professional opinion and be careful not to employ an expert whose livelihood depends on his friendly relationships with insurance companies.

Partial losses

Start by reading UP's tips on partial losses:

<http://www.unitedpolicyholders.org/pdfs/ExtremeHeat.pdf>

34. If my insurer brings in a clean up company, does their entire fee come out of my policy limits, and if so, which category?

Yes, so be alert. If you think your contents loss is close to your limit, make sure to clarify in writing that any decision by the adjuster to try to clean up some of the contents is at his risk, and that it will not reduce your limit of coverage if the efforts fail.

Prior to the work being done, it is very important that you check the company's references, and clarify how much it is going to cost, and what part of the insurance policy it is going to be covered under.

35. What can I do if I'm not happy with the clean-up company's work?

Take lots of pictures after the loss and before repairs or cleaning. List the items that did not clean up to their pre-loss condition and claim them as a total loss – at Replacement Cost.

36. The company’s adjuster says my stuff can be cleaned and that it does not need to be replaced. How do I know if that’s true?

For many items you will not know until after they try to clean them. Be careful that you have enough limit of coverage to take care of the cleaning as well as the Replacement Cost in case some items do not clean up. If you have sufficient coverage limits, let them clean whatever they want but remember, the decision as to whether the cleaned items have been returned to their pre-loss condition is ultimately yours, not theirs. If you are not satisfied with the condition of certain items, you can make the claim for Replacement Cost on those items.

37. How can I find qualified experts to give me second opinions on cleanup, repairs, or the cause of the loss?

Find an expert by searching the web, the Yellow Pages, or get a recommendation from someone you trust. Or hire a public adjuster and ask him/her for a reference. (Check the website of the National Association of Public Insurance Adjusters: <http://www.napia.com>)

You can also contact local contractors (not the insurance company-preferred guys, but renovation companies or new construction) and find out what engineers they recommend and use. Interview any contractors you might use to find out how much of the work they do is for insurance companies. If they do most or a lot of their work for insurance companies, you’ll want to find someone else to give you a truly independent opinion.

38. My home is only partially damaged, but it will look weird if half the vinyl siding is old and half is new. What are the rules in Alabama regarding “matching”? The insurance company is telling me they don’t owe for matching. Is that true?

Insurance company adjusters will often fight to avoid paying for “matching”, even in the states where they are required by law to match. In Alabama there is no specific law on matching, but if you or a savvy professional make the right arguments, you can collect insurance benefits to put your property back in its pre-loss condition of having a uniform and consistent appearance.

39. How can I be sure it’s safe to move back into my home/ How can I be sure the air quality in my home is healthy/smoke free?

The most certain way would be for you to hire a microbiologist or hygienist to complete air quality clearance tests following construction. That is expensive, and a more practical way is to make sure up front that your contractor is replacing all fire damaged materials and opening up every cavity where smoke and soot could possibly have entered to properly deal with the problem. If your insurance adjuster won’t allow this, or is resisting payment for that much work, get a public adjuster immediately. Or, invoke the Appraisal provision of your policy and employ an experienced appraiser or claim consultant.

If you let this go without dealing with it up front, you will probably wish you hadn’t later. Trying to solve a smoke odor problem after all repairs are finished is a nightmare that won’t end.

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40. How can I be sure there's no hidden damage from smoke or extreme heat?

If you do not have the technical knowledge to make sure of this yourself, hire someone who is able to make sure the scope of work will take care of these potential problems. You are smart to make sure of this up front.

A United Policyholders Roadmap to Recovery™ Publication

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