



DETERMINING COVERAGE - SETTLING A CLAIM

As of August 6, 2020

How do I get a settlement offer? Who gives me that?

The company adjuster or independent adjuster will calculate the amount of damage to your home and property. They will review your policy and determine what deductibles may apply and if there are any limits on what will be paid. Once they've made those calculations, they'll contact you and your public adjuster or lawyer (if you have one) and share their estimates and calculations with you. They also may contact your contractor about their estimates and calculations.

Will I get a lump sum payment and when will I receive money?

The settlement process is not a single transaction. You'll likely get a number of payments for different parts of your claim to help you start the rebuilding and repairing process. You'll likely receive a payment for your additional living expenses mentioned above first. Then you'll start to receive payments to replace your personal property, followed by payments for the repairs and construction on your home.

Why did the insurer make the check payable to me and my mortgage company?

If you have a mortgage on your home, your lender has an interest in making sure the home is rebuilt – or that your loan is paid in full. Your mortgage lender may have required you to add them as an additional insured on your homeowners policy as a condition of giving the loan. If your lender is named as an "Additional Insured" on the policy, the insurer is legally obligated to include them on the check it pays for major repairs. You'll need to work with your mortgage lender to get the claim money released for repairs. If you have problems working with your mortgage lender, contact the Maryland Office of the Commissioner of Financial Regulation at 500 N. Calvert Street - Suite 402, Baltimore, MD 21202, (888) 784-0136 or www.dllr.state.md.us/finance/. The federal government also has a website where you can make a complaint against your

bank or mortgage lender, if you aren't getting the help you need. That website is: www.usa.gov/complaints-lender.

How long will it take for my claim to be settled?

Everyone wants the process to be done as fast as possible so they can return to a normal life.

If there's substantial damage involving your home and property, an insurance claim is not going to be closed with a single payment. There will likely be multiple claims payments for various parts of your claim as the rebuilding process moves along. Most people find it takes at least 18 to 24 months to repair/rebuild their home and replace their possessions after a major disaster. Your insurance claim will stay open until the insurer has made all payments you're entitled to under your policy.

You should feel free to contact your insurer or adjuster for a status on your claim at any time during the claims process.

What if I'm not satisfied with the amount of my insurance settlement?

- Your settlement won't necessarily be the same as your neighbor's. Your coverages, deductible, and policy limits may be different even if the damage looks the same.
- If the insurer denies any part of the claim, it is a good idea to ask for the denial in writing and to keep all paperwork.
- If you don't believe the offer is fair, you can call the insurer. Be prepared to explain why you think the offer is unfair. If you're not satisfied with the response, you can contact the Maryland Insurance Administration for assistance or, depending on your policy, seek arbitration or file a lawsuit.

What if the insurer doesn't agree with the public adjuster's or my contractor's estimate of the damage?

Differences in construction estimates are common. Ideally, you and the insurer should reach an agreement on a "scope of loss". This is a detailed list of the quantities of construction materials, labor, profit and overhead, building code compliance, and every single item required to repair or rebuild your home.

Once you've submitted all the information that your insurer needs, including written estimates from contractors, the adjuster will calculate the total cost.

If you disagree with the claim amount the adjuster has calculated, there are different ways to settle that disagreement without going to court. Two ways are appraisal and arbitration.

Appraisal: If you can't agree with your insurer about how much it will cost to rebuild your home and/or repair or replace your property, you can use the appraisal process to resolve the differences. This isn't the same as an appraisal you may have of your home's value.

The appraisal process begins with two appraisers comparing their estimates. The appraisal process only determines costs, not if your policy covers these costs. It isn't a court proceeding.

If you use the appraisal process, you'll have to pay some of the costs. What you'll have to pay will depend on Maryland law.

If your policy has an appraisal clause, you must go through the appraisal process before you can sue your insurer.

Arbitration: Arbitration is a legal process, but you don't have to go to court. In an arbitration hearing, a neutral third party (arbitrator) hears from both you and your insurer. Both parties agree to accept the arbitrator's decision. Usually the decision is binding so you can't go to court to appeal the decision.

Some insurance policies require arbitration to settle differences. Other policies will say how arbitration will work if both you and your insurer agree to use it. Make sure you talk with your insurer to find out how arbitration works and if you are responsible for any of the costs.

What can I do if my claim was denied?

If you think the insurer should have paid your claim, you can use arbitration or file a lawsuit to get the insurer to reverse its decision. But, before you do any of those, contact the Maryland Insurance Administration.