



**Maryland**  
**INSURANCE ADMINISTRATION**

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## **VIRTUAL DISASTER CENTER**

**Presented by:**  
**Consumer Education and Advocacy Unit**



This presentation does not provide legal advice.

You should discuss specific questions with your trusted financial advisor or insurance producer.



# FILING A CLAIM - AUTOMOBILE

- If you experience damage to your vehicle and you decide to file a claim, **call** your insurance company as soon as possible.
- Your policy provides a certain **period of time** for you to notify the insurance company of your claim.
- Your insurance company may tell you to take your vehicle (or have your vehicle towed) to a body shop where you will **receive an estimate of the amount of damage** to the vehicle.
- You have the right to select the repair facility where your vehicle will be repaired.
- Your insurance company **may send an adjuster** to assess the damage.

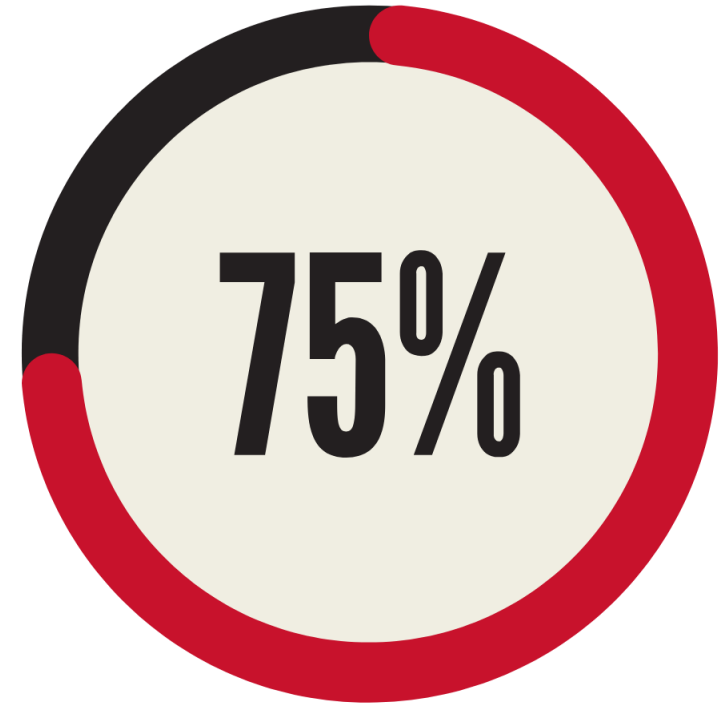


# CLAIM PROCESS - AUTOMOBILE

## WHAT IF MY VEHICLE IS A TOTAL LOSS?

**Total Loss** - the cost to repair the vehicle is 75 percent or greater than the fair market value of the vehicle immediately prior to the loss.

Your insurer is permitted to add additional costs such as the cost of a rental vehicle and potential hidden damage to the cost to repair your vehicle when calculating the 75 percent value.



# SETTLEMENT OFFER

If you think your car is worth more than what the insurer offered, **you can negotiate** with your insurer.

It's important to know that you must provide **supporting documentation** for your counteroffer.

You can do this by **getting quotes** from car dealers or viewing prices and ads online for similar vehicles.



# SETTLEMENT OFFER

The settlement offer will also include applicable tax and registration fees. Vehicles that have damage exceeding 75 percent of the fair market value must be labeled as "salvage vehicles." If you decide to keep the "salvage vehicle," your settlement offer will be reduced by the vehicle's salvage value.



# SETTLEMENT OFFER

Generally, homeowners and renters insurance policies provide coverage when personal property is lost or damaged when it is in your vehicle. These policies typically do not require that the personal property actually be in the house or apartment when it was lost or damaged for coverage to apply, so coverage may be available even if the personal property was in a car when the loss or damage occurred.

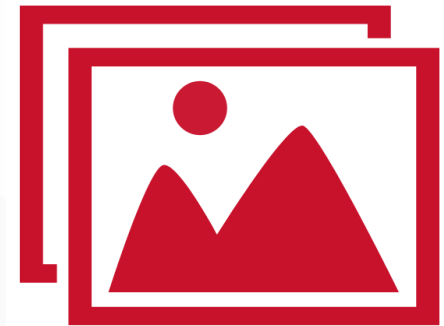


# HOMEOWNERS INSURANCE



# AFTER A LOSS

- ✓ **Contact** your insurance company promptly after sustaining a loss.
- ✓ **Take photographs and/or video** of the damaged areas.
- ✓ Make **only those repairs necessary** to prevent any further damage. Do not make permanent repairs before talking to your insurance company.
- ✓ Before you remove any damaged property from the premises, **be sure an insurance adjuster or your agent has seen the damage.**



# AFTER A LOSS

- ✓ Keep **all receipts** for emergency repairs.
- ✓ As soon as possible, **prepare a detailed inventory** of all damaged or destroyed property.

Give a copy to the insurance adjuster and keep a copy for yourself. It should include:

- Description and quantity of items.
  - Date of purchase or approximate age.
  - Cost - time of purchase and estimate to replace.
- ✓ **Be present** when your insurance adjuster inspects your property.
  - ✓ **Do not accept an inadequate settlement offer.** Cashing a check may bar you from seeking additional compensation; confirm in writing that it will not.

# FILING A CLAIM - HOMEOWNERS

## 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.



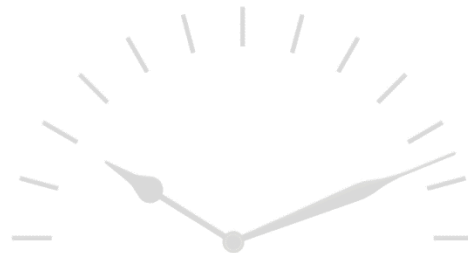
# FILING A CLAIM - HOMEOWNERS

## HOW LONG WILL IT TAKE FOR MY INSURANCE 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.**



# FILING A CLAIM - HOMEOWNERS

## HOW LONG WILL IT TAKE FOR MY INSURANCE CLAIM TO BE SETTLED?

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.



# HOW ARE DEDUCTIBLES USED TO CALCULATE A CLAIM?

## WHAT IS A DEDUCTIBLE?

A deductible is the **part (or amount) of the claim you're responsible for**. Insurers will deduct this amount from any claim settlements they pay to you or on your behalf. So if your insurance policy has a \$1,000 deductible, that means you've agreed to pay \$1,000 out of your pocket for the damage to your home.



# ADDITIONAL LIVING EXPENSES (ALE)

Many homeowners policies also will pay the additional expenses you have **if you can't stay in your home because of damage from a covered disaster**. For example, if you've moved into a hotel or apartment while your home is repaired or rebuilt, and you have additional living expense coverage, the insurer may pay some or all of your costs for temporary housing depending upon your policy's terms and coverage limits.



# ADDITIONAL LIVING EXPENSES (ALE)

## WHAT TYPES OF LIVING EXPENSES DOES ALE PAY FOR?

- The insurer will not pay ALL of your living expenses. ALE is to help pay those expenses that are **beyond your normal expenses because you can't live in your home**. For example, ALE coverage will pay hotel lodging, but it won't make your mortgage payment.
- **ALE typically covers hotel bills, reasonable restaurant meals** (if you're staying in a hotel room with no kitchen), and other living costs above and beyond your normal housing expenses while you can't live in your home because of damage.
- Generally, you should try to **keep ALL receipts** for any additional costs you have. The insurer will need the receipts to reimburse you.



# REPLACEMENT COST VERSUS ACTUAL CASH VALUE

If you have **Replacement Cost Value (RCV) coverage**, your policy will pay the cost to repair or replace your damaged property without deducting for depreciation. If you have **Actual Cash Value (ACV) coverage**, your policy will pay the depreciated cost to repair or replace your damaged property. Check the declarations page of your homeowners policy to see whether the policy provides replacement cost coverage. If it doesn't specify replacement cost, then your policy likely only covers actual cash value. If it specifies replacement cost, then you have replacement cost coverage.



# WATER DAMAGE

The terms of your policy will determine what types of water damage are covered and the amount of coverage available, generally homeowners policies do not cover flooding.

The Standard Flood Insurance Policy, available for purchase from the National Flood Insurance Program (“NFIP”), defines **"flood"** as:

- a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
  - overflow of inland or tidal waters;
  - unusual and rapid accumulation or runoff of surface waters from any source;
  - mudflow\* ; or
  - collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

# WATER DAMAGE

If water enters your home in one of these ways and causes damage, this would be considered a flood and your homeowners policy would **NOT** pay for that damage; instead, you would need to have a flood insurance policy.



# WATER DAMAGE

If the water seepage is not the result of a flood, you will not have coverage under your flood policy. For example, if surface water or sub-surface water seeps into your basement through a foundation wall or floor, a flood policy will not cover the damages. Generally, you will NOT be covered for the resulting damages under your homeowners policy either. Problems from seepage are considered maintenance issues and are generally not covered by insurance.




# WATER DAMAGE

If water overflows a sump pump or sewage enters your home through pipes or drains designed to carry it away, your homeowners insurance may provide coverage if you have purchased a water/sewer back-up endorsement from your insurance company. If you have this coverage, most policies will pay for the damage done by the water or sewage that backs up into your home; however, most policies will not cover the cost to repair or replace the pipe or drain. While the scope and amount of coverage will be established by your homeowners policy, Maryland law requires that your insurance company offer you this type of coverage and most companies offer several different coverage limit options.

# Contact Information

## Maryland Insurance Administration

 **800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)**

 **[insurance.maryland.gov](https://insurance.maryland.gov)**



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# Questions?

