

# YOUR CLAIM, YOUR MONEY:

## UNLOCKING THE TEN MOST IMPORTANT THINGS TO KNOW ABOUT YOUR HOMEOWNER'S INSURANCE POLICY

By: Brandon S. Lewis, President, Georgia Association of Public Insurance Adjusters (GAPIA)

Brandon Lewis, Chief Executive Officer, Strategic Claim Consultants, has been selected as an expert columnist for Southern Distinction Magazine, having handled hundreds of homeowner insurance claim losses over the years. Mr. Lewis is also the current President of the Georgia Association of Public Insurance Adjusters (GAPIA), a non-profit organization which can be used as a free resource by policyholders, both residential and commercial, in the state of Georgia to seek out licensed qualified advocacy experts and Public Adjusters to assist in navigating them through the extremely challenging insurance claim settlement process.

As we begin a new year, this is a great opportunity to underscore the importance of understanding the details of your insurance policy, especially in the event you suffer a catastrophic loss.

Here are ten things you may not know about your Homeowner's Insurance Policy and what to look for to ensure you are appropriately covered in the event of a loss:

**1. Building Coverage:** The limit on your building coverage is critical, as it is important for you to try to be as insured-to-value to replace the building on your land in the event of a whole and total loss. Check with your insurance company or broker to be sure you have a current assessment of the cost to repair or replace. Failure to adjust policy limits for a number of years can result in less than adequate coverage in the event of peril.

**2. Personal Property Coverage** (also referred to as "Contents" Coverage): Personal Property is covered separately in the homeowner's insurance policy in the State of Georgia and would cover anything in your home that is not attached to the building. Traditional insurance companies will typically insure your Personal Property (contents) for 50% or 75% of the value of your building coverage. It is important for you to know that many insurance companies require additional coverage, called "Riders" for certain unique or expensive items such as, but not limited to, expensive jewelry or watches such as Rolex, pieces of art, antiques, etc. It is important to ensure that your Personal Property coverage on your insurance policy is commensurate with the value of the Personal Property you own in your home.

**Tip:** It is advisable to take photos of every room in your home and save them to the Cloud or on a disk offsite in the event of a catastrophic loss. These photos will be helpful in recreating and demonstrating the value of the contents in the home.

**3. Additional Living Expense ("ALE") Coverage ("ALE"):** This coverage is critical to homeowners who suffer a large loss that displaces them from their residence for a period of time. This

coverage comes in many forms, such as a dollar amount, or with a duration limit; for example, up to 2 years. Check your policy to ensure you have this type of coverage. This coverage, which is separate from Building or Personal Property Coverage, will usually cover the cost to rent another dwelling for you and your family during the repair or the rebuilding of your damaged home. It may also cover incidental costs, such as meals and increased travel due to your displacement, depending on your circumstances.

**4. Actual Cash Value ("ACV")/Replacement Cost Value ("RCV"):** These are industry acronyms that are important for you to understand. Actual Cash Value ("ACV") is the amount of money something was worth at the time of the loss. Replacement Cost Value ("RCV") is the current cost to replace that item. For example, a 20-year-old pair of well-worn Converse tennis shoes may have a replacement cost of \$40 but only have an Actual Cash Value of \$10 at the time of the loss, due to their age and condition. Most policies will have a replacement cost provision, which allows the insured to collect the difference between the ACV and RCV once the item is purchased, provided a valid purchase receipt is produced. This is a very tricky and confusing part of your insurance claim, especially when there are hundreds to thousands of items involved.

**5. Other Structures Coverage:** Many homeowners I meet don't realize that in most instances, the insurance policy has separate coverages that increase the value of their policy to cover "Other Structures" not attached to the dwelling. These can include fences, pools, outbuildings, walkways, driveways, etc. Check with your insurance company or broker to ensure you have this coverage as part of your policy.

**6. Landscaping, Plants, Trees, Shrubs:** Many homeowner's insurance policies have separate coverage for fire damage to landscaping, plants, trees and shrubs. Please refer to your policy or check with your insurance company or broker if you feel you have significant value in the landscaping of your property.

**7. Deductibles:** What is your deductible and how does it affect your insurance claim? Deductibles can range from as low as \$100 to as high as an actual percentage of the dwelling coverage itself. It is important for you to understand that all insurance policies are different and deductibles can sometimes be mandated by your mortgage company, because of the amount of money they have invested in your property. For example, if you have Wells Fargo or Bank of America, they may mandate that your deductible is not to exceed \$2500. This is to protect their interest until such time that you no longer have a mortgage with that lender.

**8. Lender Based Insurance (Forced Place Insurance Policy):** Over the years, I have encountered many consumers who were not sure if they had a standard policy or what is known in the industry as a Lender Based or Forced Place Policy. This type of policy is in effect when a regular insurance policy has lapsed and the consumer does not reinstate the policy, forcing the mortgage company to insure their interest on the DWELLING ONLY.

Please understand that "DWELLING ONLY" is the operative phrase here, as consumers almost never understand that by having this type of policy in place at the time of a loss, they not only pay a super-premium, which can sometimes be as high as 4 times their normal premium, but it also includes NO COVERAGE for Personal Property or Additional Living Expenses. The reason for this is that the bank only has an interest in insuring the dwelling itself. If you think you might have a Lender Based Policy, I urge you to try to put a standard policy in place on the property, saving you money and giving you more complete coverage.

**9. If I have an insurance claim, will my insurance company drop me?** The answer to this question is maybe. The insurance company has the right to cancel at any time, for any reason, with a 30-day written notice to the homeowner. There are exceptions on rare occasions, but if you believe your policy has been cancelled, you should immediately verify with your insurance company or broker. The reason insurance companies must follow the 30-day rule is to allow the homeowner to find coverage with another company to avoid a lapse in coverage. In most cases, the insurance company doesn't need a particular reason to cancel. Perhaps they are phasing out coverage in a certain zip code. Perhaps you have made several claims and they feel you are a higher risk than they wish to cover at that time. I tell consumers never to take it personally, and that getting cancelled is not as insulting as it seems. In many cases you find better coverage for a better rate in the long run.

**10. What is the best thing to do if I experience a loss to my home or its belongings?** I have discussed this question with a number of my clients and other contemporaries in the profession all over the world. The unanimous response is that when you have a large insurance claim, you want to get expert professional advice to best understand all of your options so you can make the best decisions on how to handle your claim. There is no one more qualified to give you those options from an advocacy position than a state-licensed public adjuster/loss consultant. Public Insurance Adjusters work on behalf of the policyholder only, exclusively representing their interests to fully comprehend the insurance policy and measure the magnitude of the loss to give them options on how to adjust and collect on the insurance claim.

For more information in the state of Georgia, visit our GAPIA website ([www.gapia.org](http://www.gapia.org)) to obtain references on licensed members you can contact in your time of need.



Brandon is Chief Executive Officer for the Atlanta-based Strategic Claim Consultants, which assists residential and commercial policyholders all over the Southeastern United States. He has been a licensed Public Adjuster in Georgia for twelve years, as well as in a number of other states around the country. He has settled millions of dollars of losses on three continents, handling over 15 major natural disasters globally. He is the current President and a founding member of GAPIA, the Georgia Association of Public Insurance Adjusters ([www.gapia.net](http://www.gapia.net)), a non-profit organization dedicated to the betterment of the dynamic profession of large loss adjusting in Georgia. A native New Yorker, Brandon studied business and economics at Hofstra University and also attended Pace University's Lubin School of Business. He has been a guest lecturer at Emory University's Goizueta Business School and authored the Disaster and Preparedness Best Practices for the Atlanta Apartment Association. Brandon also supports numerous local philanthropic organizations and endeavors. He can be contacted at [brandon@strongclaims.com](mailto:brandon@strongclaims.com).

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A SOUTHERN LIFESTYLE MAGAZINE

\$8.95 VOLUME 5.1 2017

