

Memo

To: Arrice Faught, Executive Director, ALCARH
From: C. Bennett Long, Attorney at Law
Date: 5/17/2011
Re: Tornado Damage Insurance Claims

1. Alabama Property Owners

If you suffered damage to your property, whether you are a residential or commercial property owner in the state of Alabama, engaging a policy holder attorney is an important consideration that all property owners that want to receive a proper settlement should consider.

2. What is required?

1) You had an insurance policy in place at the time of loss.

3. Why insurance companies don't pay claims and what you can do about it:

Your insurer's main objective is not to protect you; in fact, insurers often try to avoid paying justified claims. Today the name of the game is delay, deny, defend: to improve their profits, insurance companies delay payment of justified claims, deny payment altogether, and defend their actions by forcing claimants to enter litigation.

(Delay, Deny, Defend by: *Jay M. Feinman*)

4. What is a policyholder attorney?

A policyholder attorney is a professional who has expert knowledge on residential and commercial property loss claims. Property loss claims can arise out of hurricanes, fires, floods, tornado, sinkholes, etc. Policyholder attorneys assist in preparing, filing, and negotiating equitable adjustments of insurance claims.

5. Are policyholder attorneys in any way affiliated with insurance companies?

No. Our services are engaged exclusively by the policyholder, not the insurance company.

6. What could a policyholder attorney do for me?

We will advise and assist you in the preparation of building damage assessment reports, estimates, inventories, and other factual proofs of loss. We will handle all the necessary details for compiling and filing claims, as required by the terms of your insurance policies. We will also meet and confer with the insurance company representatives and handle all negotiations essential to proper, satisfactory, and equitable adjustment of your claim.

7. How can a policyholder attorney better serve me over an insurance company adjuster?

The insurance company adjuster is employed exclusively by the insurance. Simply put, an insurance company adjuster is trained to pay as little as possible. We work solely for you and seek to maximize your recovery.

8. Why should I hire a policyholder attorney who specializes in property claims to get what's rightfully due me?

It is important to understand your rights under your insurance policy before you submit a claim to the insurance company. We are your exclusive representatives. With our experience and knowledge, we are far more capable of bringing about a favorable, satisfactory, and equitable adjustment.

9. Why can't my insurance agent or broker handle my claim?

An agent or broker is well trained in determining your insurance needs and placing or writing insurance programs, but they are not trained in detailing insurance losses or the law. You can't expect an agent or broker, who is not paid to adjust losses, to try and "adjust" one. They generally don't have the time, training, or facilities to render the highly specialized service of insurance adjusting.

10. Can I prepare my own claim better than a policyholder attorney?

No! It stands to reason that professional policyholder attorneys, who are experienced in professionally handling and preparing claims every day, can do it more competently and efficiently than the average insured, who may only have one or two losses in a lifetime.

11. Why should I engage a policyholder attorney?

To properly adjust an insurance claim, highly skilled professional insurance experts with a vast knowledge of insurance policies, coinsurance, depreciation, inventories, building damage assessments, repair and replacement costs, and negotiation are all necessary to secure the

maximum recovery from your insurance policy. Only an experienced professional policyholder attorney has these qualifications.

12. Why do I need help in filing an insurance claim?

First and foremost, the insurance company is not your friend. They have a history of delaying, denying and defending. (Delay, Deny, Defend by: *Jay M. Feinman*) The typical insurance policy contains many provisions, complex details, and technical language about your requirements and the complicated procedures you must adhere to properly submit your claim. We have seen many insured walk themselves into an exclusion of the policy and are then denied coverage for their loss. Many people do not know or understand these policy provisions and do not realize that the burden of proof is on them, the policyholders. Professional policyholder attorneys are well trained in what to look for in an insurance policy and fully understand the procedures necessary in preparing and filing a claim in accordance with policy requirements.

13. What is the extent of a policyholder attorneys' responsibility?

We assist you with every phase of preparing and presenting your claim, as well as accomplishing an adjustment for you which is equitable and includes everything to which you are entitled to under your insurance policy. Our goal is to avoid litigation. However, if the insurance company leaves you no choice, you are properly prepared from day one.

14. How do policyholder attorneys determine the actual loss?

We hire professionals to take a physical inventory of your damage with your assistance, prepare a professional estimate of damages to your building, and obtain other pertinent documentation to determine your loss of rents, business interruption or additional living expenses. We make certain that all provisions in your insurance policy are addressed in accordance with applicable law. This often involves numerous steps of which you may know little or nothing about, but can make a significant impact on the outcome of the amount for your final settlement.

15. Why shouldn't I wait to get an offer from the insurance company before engaging a policyholder attorney?

At the onset, the insurance company makes a dollar evaluation of your loss at the time they first inspect it. This is called a "reserve" and is an absolute requirement in most states. The insurance adjuster bases the "reserve" solely upon his initial inspection. He is hired and paid by the insurance company so his interest is how to best protect his employer. Unless some agreements are made initially regarding the scope of loss and what is to be done next (such as temporary repairs, temporary business or living quarters, cleaners, etc.), serious problems could arise that may jeopardize the final settlement figures. We will also help eliminate the possibility of "forgotten items" or items you are just not aware are damages due to hidden damages.

To avoid misunderstandings, long delays, and reduced settlement figures, it is wise to

hire a professional policyholder attorney to deal with these possible problems before they occur. A policyholder attorney should be hired immediately to protect your interests much like you would immediately hire an attorney after being involved in other types of claims, such as automobile or personal injury accidents.

16. Why is a builder's or contractor's estimate insufficient to enable the insurance company to make an equitable settlement?

Building contractors do not have experience in interpreting insurance policies and how they apply to a loss. They are not knowledgeable in calculating depreciation, coinsurance, actual cash value provisions of the policy, or the law. Further, a contractor is competitive with his bid, attempting to provide his lowest bid to get the job.

Hidden heat, smoke damage, and water damage could cause you problems even after you settle your loss. These items and many more are usually overlooked because many contractors are unfamiliar with the methods of preparing a detailed estimate in a format that the insurance company recognizes. In addition, a contractor can't handle your contents inventories, or prepare your additional living expense loss or business interruption loss.

We engage the services of skilled, knowledgeable, experienced engineers, builders, and/or loss experts to prepare highly detailed estimates of all aspects of your loss. The building estimate is in a form and content familiar to insurance company experts and is done in conjunction with examinations by both the company adjusters and our experts. Every item of reconstruction is accounted for and detailed. The estimate specifically details all aspects of damage repairs necessary to restore the building to its original condition or evaluate it as to its current value.

When an insured submits a contractor estimate it shifts the burden of proof from the insurer to the insured. Meaning that if a claim is paid based on an insured's submitted contractor estimate, then the insurer has a defense in the event further damage is discovered and it likely prevents the claim from being re-opened in the future.

17. Will my loss be settled quicker with the services of a policyholder attorney?

We know exactly what is necessary to provide to the insurance company in order to expedite the settlement of your claim. A great deal of time can be saved by having our professional policyholder attorney handle your loss.

Inspections are done immediately, estimates are prepared, inventories completed, and time elements losses are implemented. Accumulation of evidence and substantiation begins without delay. It is our goal to settle your claim without the need for litigation so you can start repairing your home/business.

18. How do the policyholder attorneys charge a fee?

We charge a percentage of what the insured received in settlement. We don't receive any fee until the insurance company actually issues the check to you. It is to our benefit to get the maximum settlement possible for you in as little time as possible. Our fees are usually "contingent."

19. Can a policyholder attorney help me with my business income loss?

We will review the policy and applicable law to assist your CPA in completing any business income losses you may suffer as a result of your claim. It is important to fully analyze your business income loss prior to making a claim. Without a complete understanding of the policy and the applicable law, many times policyholders can severely underestimate their losses in the beginning, which makes it very difficult to go back and increase the "reserve."

20. In summarizing, The Policyholder attorneys will:

- Complete a precisely detailed estimate of what is required to repair or rebuild your premises.
- Assist in the preparation of inventories on your damaged personal or business property, contents, and related items.
- Prepare your time element losses, such as business interruption, loss of rents, or additional living expenses.
- Establish a professional line of communications with the insurance adjuster.
- Present estimates, inventories, and other valuations to the insurance adjuster.
- Meet with the insurance company to negotiate and adjust your claim fairly and equitably, thus resulting in an acceptable settlement to you.
- Prepare from day one (if needed) for litigation.

21. What we learned from Katrina.

"The tide has finally turned in litigation over Hurricane Katrina, but only after several setbacks. Lawyers representing plaintiffs in other natural disasters can look to the Katrina experience for insight on what to do – and what not to do." (What we learned from Katrina by: Allan Kanner and M. Ryan Casey)