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News Release

New Jersey Department of Banking and Insurance

Commissioner Tom Considine

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When a Natural Disaster Strikes, the Insurance Claim Process Should Not Add to Consumer's Woes

TRENTON – The recent wildfires in Texas, tornadoes in Alabama and Missouri, and floods along the Mississippi River serve as strong reminders that natural disasters can strike anywhere and without warning. After a disaster strikes, consumers must file an insurance claim in order to replace and rebuild their property and homes. But filing claims can be challenging and can sometimes add to consumers' difficulties if they are not familiar with the process.

"Filing an insurance claim can be complicated, but if consumers know what they are doing, they can navigate the process successfully and get on with rebuilding their homes and replacing their property," New Jersey Department of Banking and Insurance Commissioner Tom Considine said.

"Consumers who have seen their homes or other property damaged in a disaster— be it a storm, a flood, a fire, or a tornado— should not also have to experience problems in filing insurance claims," he said.

Commissioner Considine offered tips to consumers on what steps to take following a disaster and how to file an insurance claim.

Immediately Following the Disaster

- Once it is safe to return home, assess the damage and make temporary repairs or arrange for a qualified professional to do so in order to protect your property. Take photos of the damage and remove personal property if your home cannot be secured. Make a list of damaged property. Do not dispose of property until an insurance adjuster has reviewed it for your claim. Many policies include reimbursement for storage costs incurred until your home is repaired.
- Make sure you know what is in your policy and what coverage options are available for your cleanup and repair efforts.
- If you can still live in the home, talk with your agent or insurer about critical repairs that need to be made. Whether you make the repairs or hire someone, save the receipts for your claim.
- If you need to find other lodging, keep records of expenses and all receipts. Homeowners and renter's insurance generally provide limited coverage for expenses like: meals, rent, utility installation and transportation.

Reporting Your Claim

- Most insurance companies have a time requirement for filing a claim. The process will go faster if you can locate a copy of your policy, home inventory and have your insurer's contact information.
- Call the company or visit a mobile claims center to start your claim. If you cannot find the company or agent's number, call the Department at 1-800-446-7467 or go to www.njdobi.org.
- You will be asked to list all items destroyed, damaged or missing. If you do not have a home inventory, begin making a list of items going room by room from memory. Include as much detail as possible, like where and when the item was purchased, the cost, brand name and model. If your car is damaged while in your garage/carport, it is covered by your automobile policy —not your homeowners policy. If you are insured by two separate companies for these policies you must file a claim with both companies.

Handling the Claim

- Your insurance company will send an insurance adjuster to survey the damage at no cost to you. Public adjusters may offer the same services, but you would be responsible for any related fees. Check to be sure they are licensed with the Department and ask for references and qualifications before retaining an independent adjuster.
- Try to be present when the adjuster inspects your property. You may also wish to have a contractor present or ask a contractor to review the adjuster's inspection report before settling the claim.
- Do not feel rushed or pushed to agree on a settlement. If there are disagreements, try to resolve them with your insurer. If you cannot reach an agreement, the Department can help you decide if arbitration or mediation is an option.
- Your full claim may come in multiple payments. The first will likely be an emergency advance and may include additional living expenses. The payment for your personal property and any additional living expenses will be made out to you. Payments for the structure may be payable to you and your lienholder if there is a mortgage on your home. Lenders may place that money in an escrow account to pay for repairs as the work is completed.

Repairing the Damage

- Fraudsters often take advantage of the chaos following a disaster. When choosing a contractor to make repairs, check licensing and references before hiring. Always insist on a written estimate before repairs begin and do not sign any contracts before the adjuster has examined the damage. In some cases the adjuster will want to see the estimate before you begin making repairs.
- Do not pay a contractor the full amount up front or sign over your insurance settlement payment. A contractor should expect to be paid a percentage when the contract is signed and the remainder when the work is completed.
- If the contractor finds hidden damage that was not discovered in the original assessment by the adjuster, contact your insurance company to resolve the difference. For any disagreements that cannot be resolved, contact the Department about your recourse.

Things to Remember

- Damaging earthquakes are extremely rare in New Jersey. Earthquake damage is not covered in a typical homeowners or renter's policy. In the event of an earthquake that causes damage, contact the company that wrote the additional policy to file your claim.
- Likewise, many consumers are not aware that most homeowners or renter's insurance policies do not cover flood damage.
- Homeowners or renters can purchase flood insurance provided by the National Flood Insurance Program (NFIP), a federal program which is the primary provider of flood insurance, through their insurance broker or carrier.
- If your insurance company delays in responding to your claim, call the claims department to find out if an adjuster has been assigned. Verify your contact details, especially if you have evacuated your home. Call the Department if the delay is unreasonable.
- Even after settling your claim, if you think of items that were not in your initial loss list, contact your insurance company. Unless the company has paid the entire limit for the coverage of those types of items, it is possible the company will make an additional payment.
- If your damages exceed the amount of your coverage, federal agencies will occasionally provide grants or low-interest loans to assist with recovery following major disasters.

After You Rebuild

- When you re-establish your home following the disaster, take time to do a home inventory.
- Once you have completed the home inventory, talk with your agent to make sure your homeowners or renter's policy is adequate to cover your new investments.

More Information

If you have any questions about the coverage in your policy, or if you need help with a problem regarding your claim following a disaster at your home, contact the Department at 1-800-446-7467 or www.njdobi.org.

For emergency preparedness information go to: www.ready.nj.gov/.

For more information on flood insurance availability through the NFIP, go to: www.floodsmart.gov

For weather information go to: www.erh.noaa.gov/er/phi/.

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