Class Objective

- The Catastrophe Claim Process
  - Delay
  - Deny
  - Defend

- Preparing for a Catastrophe Claim

- Branch Construction Consultants
  - Services
  - Projects
How Can This Seminar Help You?

- Education of the Claim Process
- Inventory and FAQ will prepare your clients for a Catastrophe Claim
- This Information will comfort hesitant Clients seeking to relocate to a Hurricane and Flood region
- Prepare New Home Buyers with Documents to protect their investment
- This Information will increase your clients favor toward your services
After the Catastrophe
Delay

FIRST THREE TO SIX MONTHS

- Terminology
- Agents / Claims Office
- Catastrophe Adjuster
- Estimates of Damages
- Photographs and Receipts
Delay Terminology

- Insurance Lingo
- Every Word Matters
- Do not Embellish
- Conversations are Recorded
- Primrose Path
- Your Words Can Be Misconstrued
- Avoid Speculation
Delay Agents / Claim Office

- Agents Only Files the Claim
- Agents are Rarely Involved with a Catastrophe Claim
- Agents are Concerned with Errors & Omissions
- Claims Office May Not Return Your Calls
- Claims Office Has been known to be Deceptive
Delay Catastrophe Adjusters

- Visible Damages
- Busy Schedule
- Estimates Scrutinized by Carrier
- Lack Authority
- Satisfactory Proof of Loss
- Busy Season brings Inexperienced Adjusters
- Rarely involved with Disputed Claim
Delay Estimates of Damages

- Line Item Estimate
  - Individual Pricing of Material and Labor Per Room
  - Insurance Computer Programs such as “Xactimate / Simsol”
  - Provided by a Contractor or Public Adjuster

- Will Multiple Contractor Bids Resolve my Catastrophe Claim?
  - Carriers Will Only Pay the Lowest Bid
Delay Receipts and Photographs

- Only Provide Copies
- Adjusters and Insurers Lose Evidence
- Adjusters Photos are Unreliable
- Limited Amount of Adjusters Photos actually Used
Delay Adjuster Photograph
Delay
FIRST THREE TO SIX MONTHS

- Terminology
- Agents / Claims Office
- Catastrophe Adjuster
- Estimates of Damages
- Photographs and Receipts
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Item Total</td>
<td>10,197.65</td>
</tr>
<tr>
<td>Material Sales Tax</td>
<td>241.57</td>
</tr>
<tr>
<td>Subtotal</td>
<td>10,439.22</td>
</tr>
<tr>
<td>Overhead</td>
<td>1,043.95</td>
</tr>
<tr>
<td>Profit</td>
<td>1,043.95</td>
</tr>
<tr>
<td><strong>Replacement Cost Value</strong></td>
<td><strong>$12,527.12</strong></td>
</tr>
<tr>
<td>Less Non-recoverable Depreciation</td>
<td>&lt;4,210.51&gt;</td>
</tr>
<tr>
<td><strong>Actual Cash Value</strong></td>
<td><strong>$8,316.61</strong></td>
</tr>
<tr>
<td>Less Deductible</td>
<td>(8,000.00)</td>
</tr>
<tr>
<td><strong>Net Claim</strong></td>
<td><strong>$316.61</strong></td>
</tr>
</tbody>
</table>
Deny

SIX TO TWELVE MONTHS

- Coverage Disputes
- Total Loss
- Policy
- Low-balled Estimate
- Denied Payments
Deny Coverage Dispute

- Subsidence
- Negligence
- Pre-Existing Conditions
- Construction Defects
Coverage Dispute
Subsidence
Coverage Dispute
Negligence
Coverage Dispute
Pre-Existing Conditions
Most construction defects fall into one of four categories:

- Design deficiencies
- Product or material insufficiencies
- Construction process failures
- Operation and maintenance issues
Deny
Total Loss
Deny Total Loss

- Total Loss
  - Cost of Repairs Exceeds the Value of the Property

- Valued Policy Law
  - Requires Insurers to pay policy limits to the Policy Holder
  - Limited to Fire Claims

- Cost of Defense is less than the Value of your Loss
Deny Policy

- Date of Loss
- Dates of Policy Coverage
- Premium Payments
- Was your Policy actually placed?
## Summary for CoverageA_Dwelling

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Item Total</td>
<td>3,243.75</td>
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<tr>
<td>Total Adjustments for Base Service Charges</td>
<td>303.75</td>
</tr>
<tr>
<td>Material Sales Tax @ 9.000%</td>
<td>106.72</td>
</tr>
<tr>
<td><strong>Replacement Cost Value</strong></td>
<td><strong>$3,654.22</strong></td>
</tr>
<tr>
<td>Less Depreciation</td>
<td>(368.14)</td>
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<tr>
<td><strong>Actual Cash Value</strong></td>
<td><strong>$3,286.08</strong></td>
</tr>
<tr>
<td>Less Deductible</td>
<td>(2,500.00)</td>
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<tr>
<td><strong>Net Claim</strong></td>
<td><strong>$786.08</strong></td>
</tr>
<tr>
<td>Total Recoverable Depreciation</td>
<td>368.14</td>
</tr>
<tr>
<td><strong>Net Claim if Depreciation is Recovered</strong></td>
<td><strong>$1,154.22</strong></td>
</tr>
</tbody>
</table>
Deny
Low-balled Estimate

- Inevitable Inflation of Labor and Material
- Fixed Storm Prices
- Sloppy Adjusting
- Red-Line Estimating
Dear Mr. & Mrs. [Redacted]:

This letter will acknowledge The [Redacted] Insurance Company’s [Redacted] receipt of the above captioned claim and your request for additional consideration for repairs being done at your [Redacted] New Orleans, LA.

This loss was reported September 6th, 2012 with a stated date of loss of August 29, 2012. We completed a preliminary inspection of your premises on September 9, 2012. Our preliminary estimate was completed on October 15th totaling $13,961.09 for covered storm damages. Your policy carried a $16,460.00 Hurricane Deductible and since the covered damages did not exceed the policy deductible, no claim payment was forthcoming. On October 25th, 2012 we advised that your covered damages did not exceed your deductible.
Deny

SIX TO TWELVE MONTHS

- Coverage Disputes
- Total Loss
- Policy
- Low-balled Estimate
- Denied Payments
Defending the Claim
Defend

ONE YEAR TO FIVE YEARS

➢ Hiring Experts
➢ Dispute Resolution
➢ Lender Endorsement
Defend
Settling your Claim
Defend Hiring Experts

- Contractor
- Public Adjuster
- Attorney
- Engineer
- Forensic Accountant
- Insurance Appraiser
Experts Contractor

Pros
- Line Item Estimate
- Does Repair your Property
- Building Codes
- Can Negotiate your Claim
- Supplemental Claim

Cons
- Global Number Estimates
- Estimate only Building Coverage
- Under Bid Loss
- Unforeseen Costs
- No Leverage
- Rarely Testify in Court
- Can’t Resolve Coverage Dispute
Experts
Public Adjuster

Pros
- 10% Contingency Fee
- Line Item Estimate
- Estimate All Coverages
- Can Negotiate Your Claim
- Supplemental Claim

Cons
- Full and Final Settlements
- Path of Least Resistance
- No Leverage
- Cost of Defense Threshold
- Does not Repair Property
- Can’t Resolve Coverage Dispute
Experts Attorney

Pros
- Leverage to Settle Claim
- Case Law
- Depositions
- Bad Faith Penalties
- Can Negotiate your Claim
- Can Resolve Coverage Dispute

Cons
- Require Team of Experts
- Few Specialized Attorneys
- Depositions
- Bad Faith Penalties
- Charge by the Hour
- Contingency Fee
- Slow Court Process
Experts Engineer

Pros
- Determine Causation
- Design Repair Work
- Testify in Court
- Can Resolve Coverage Dispute

Cons
- Do Not Estimate Value
- Talk Over Someone’s Head
- Required in some Claims
- Can’t Negotiate your Claim
- No Leverage
Experts
Forensic Accountant

Pros
- Business Interruption
- Detailed Profit and Loss
- Income Smoothing
- Testify in Court

Cons
- Expensive
- Required
- Lengthy Time Frame
- Can’t Negotiate your Claim
- No Leverage
Experts
Insurance Appraiser

Pros
- Experienced Adjusters
- Appraise Value of Damages
- Line Item Estimates
- Can Negotiate your Claim
- Testify in Court
- Additional Experts
- Estimate All Coverages
- Awarded Value is Binding

Cons
- Can’t Resolve Coverage Dispute
- Rely on Attorney
- No Leverage
- Does not repair your property
- Awarded Value is Binding
Defend
Settling your Claim
Dispute Resolution
Litigation

- Endless Re-Inspections
- “Papering” Plaintiff Attorneys
- Depositions
- Billable Hours
- Bad Faith Penalties
- Typically a Longer Track
- Claims Rarely Go to Trial
- Mediation Settlement
- Typically Negotiated Value
- Resolves Coverage Disputes
Dispute Resolution Appraisal

- Alternative to Litigation
- Sets the Value of Loss
- Limited Inspections
- Non-binding Arbitration or Binding Arbitration?
- Removes Argument Over Value in Court
- Does not resolve Coverage Disputes
- Typically a Shorter Track
Appraisal Clause

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the described location is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

a. Pay its own appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.
Dear Mr. and Mrs. [Redacted],

I am the appraiser for [Redacted] Insurance concerning your loss on 8/29/12. I need you to appoint an appraiser to represent you and have that person call me. Anyone other than you can be the appraiser just as long as they do not have a financial interest in the outcome of the award we make.

You will be responsible for paying your appraiser as is the carrier responsible for paying my charges. Should we elect to involve an umpire, both you and the carrier would be responsible for equal shares in that cost.

Please feel free to call me if you have any questions concerning this process.
We the undersigned, do solemnly swear that we are qualified and competent and will make an Appraisal of the property hereinafter mentioned, stating the amount of loss, in accordance with the Appraisal Condition of the Policy of Insurance issued to the Insured, and that we will make a true, just, and conscientious Award of the same, according to the best of our knowledge, skill and judgment. All evidence supplied by carrier and insured has been reviewed by both appraisers.

The following numbers are the estimated agreed repair cost values for all claimed damages associated with this specific date of loss:

Coverage A: $25002.35 (RCV) $23802.18 (ACV)
Coverage D: $280.31 (RCV) $280.31 (ACV)

The following figures do not reflect the deductible amount. All prior payments should be considered.
Defend Settling your Claim
Defend
Lender Endorsement

Your Name, Attorney, Lender

$100,000.00
Defend Lender Endorsement

- Lenders Coerce Policy Holder’s to apply Insurance Proceeds to Loan.

- 1/3rd a 1/3rd a 1/3rd

- Court Registrar
Defend

ONE YEAR TO FIVE YEARS

➢ Hiring Experts
➢ Dispute Resolution
➢ Lender Endorsement
Preparing for Catastrophe Claim

BEFORE AND AFTER LOSS

- Adequate Policy
- Property Maintenance
- Mitigation of Damages
- Inventory Contents
- Video & Photographs
- Timeline of Claim Process
- Build Your Own Claim File
Preparation
Adequate Policy

- Verify Policy Exists
- Home Owner – Dwelling – Commercial – Builder’s Risk
- 80% Co-Insurance Coverage
Preparation
Property Maintenance

- Save Receipts
- Take photographs
- Prevents Claim being denied due to Negligence
Preparation Mitigation of Damages

- “Temporary Repairs” Prevent Damage from Continuing to Occur
- Property Owner is Required to Mitigate Damages per Policy
- Continual Damage is not a Covered Loss
- Take photographs of “Temporary Repairs”
Preparation Inventory

- Contents list per room
- Large Furniture and big Ticket Items are easy to remember
- Toiletries, pantry food, office supplies, linens, Christmas decorations, are insured by your Contents Coverage

<table>
<thead>
<tr>
<th>Item</th>
<th>Manufacturer</th>
<th>Model, Serial Number</th>
<th>Date Purchased</th>
<th>Purchase Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sofa</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loveseat</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recliner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ottoman</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee Table</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End tables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer monitor</td>
<td></td>
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</tr>
<tr>
<td>External hard drive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer peripherals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Preparation
Video and Photographs

- Before and After Loss
- Property and Contents
- Save to cloud
- Debris
Preparation
Develop a Timeline

- Names
- Dates
- Phone Calls
- Inspections
Preparation
Build your own claim file

- You have to prove your losses
- Insurance Companies are not Benevolent
- Adjusters will not take you for your word
- Protect your Interests by capturing the moment via Photographs
Preparing for Catastrophe Claim

BEFORE AND AFTER LOSS

- Adequate Policy
- Property Maintenance
- Mitigation of Damages
- Inventory Contents
- Video & Photographs
- Timeline of Claim Process
- Build Your Own Claim File
Branch Construction Consultants
Branch Construction Consultants
Services

CONSTRUCTION VALUE EXPERTS

- Insurance Appraisal
- Line Item Estimates
- Umpiring for Appraisal
- Expert Testimony
- Inventory, Photographing and Documenting Property before a Loss
Branch Construction Consultants
Projects
PAST AND PRESENT

- Appraisal Exemplars
  - Tornado
  - Fire

- Wind vs Flood

- Make it Right Foundation
Tornado

FRONT
Tornado
REAR
Tornado
LIVING
Tornado

KITCHEN
Tornado
DINING
Tornado

BEDROOM
# Summary for Dwelling

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Item Total</td>
<td>35,535.90</td>
</tr>
<tr>
<td>Overhead</td>
<td>3,170.89</td>
</tr>
<tr>
<td>Profit</td>
<td>3,170.89</td>
</tr>
<tr>
<td>Material Sales Tax</td>
<td>626.51</td>
</tr>
<tr>
<td><strong>Replacement Cost Value</strong></td>
<td><strong>$42,504.19</strong></td>
</tr>
<tr>
<td>Less Depreciation</td>
<td>(14,388.90)</td>
</tr>
<tr>
<td><strong>Actual Cash Value</strong></td>
<td><strong>$28,115.29</strong></td>
</tr>
<tr>
<td>Less Deductible</td>
<td>(1,000.00)</td>
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<tr>
<td><strong>Net Claim</strong></td>
<td><strong>$27,115.29</strong></td>
</tr>
<tr>
<td>Total Recoverable Depreciation</td>
<td>14,388.90</td>
</tr>
<tr>
<td><strong>Net Claim if Depreciation is Recovered</strong></td>
<td><strong>$41,504.19</strong></td>
</tr>
</tbody>
</table>
Tornado

Insurance Replacement Cost
$42,504.19

Depreciation: 14,388.9 - 33.9%

ACV: 28,115.29 - 66.1%
Tornado
APPRAISAL AWARD

Appraisal Award

We, the undersigned, pursuant to our appointment, DO HEREBY CERTIFY that we have truly, conscientiously and impartially performed the duties assigned to us in accordance with the Appraisal Provisions of the Policy and do hereby award: Ninty six thousand, five hundred, seventy five, .06 ($96,575.37) Dollars RCV and eighty five thousand, nine hundred, seventy three, .64 ($85,973.64) dollars ACV for the total amount of damage due to loss dated: 02/07/2017 at the location listed in the caption above.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Replacement Cost Value</th>
<th>Actual Cost Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage A:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Loss:</td>
<td>75,094.31</td>
<td>67,569.70</td>
</tr>
<tr>
<td>Coverage B:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Structures:</td>
<td>11,043.06</td>
<td>9,015.94</td>
</tr>
<tr>
<td>Coverage C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Property:</td>
<td>4,200.00</td>
<td>3,150.00</td>
</tr>
<tr>
<td>Coverage D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of Use:</td>
<td>6,238.00</td>
<td>6,238.00</td>
</tr>
</tbody>
</table>
Tornado

Appraisal Replacement Cost
$96,575.37

Depreciation: 10601.73 - 11.0%

ACV: 85973.64 - 89.0%

ACV Depreciation
Tornado Appraisal Summary

- Appraisal Doubled Replacement Cost Value
- Appraisal Doubled Actual Cash Value
- Insurance Company Applied a 33.9% Depreciation
- While Appraisal Reduced Depreciation to 11%
- Appraisal Resolved All Coverages
- ~1.5 years to Resolve Disputed Claim (February ‘17 – July ‘18)
Fire
REAR
Fire

KITCHEN
Fire DINING
Fire
ATTIC
# Summary for Dwelling

<table>
<thead>
<tr>
<th>Line Item Total</th>
<th>103,289.92</th>
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</thead>
<tbody>
<tr>
<td>Total Adjustments for Base Service Charges</td>
<td>29.66</td>
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<tr>
<td>Overhead 10.0% x</td>
<td>86,594.41</td>
</tr>
<tr>
<td>Profit 10.0% x</td>
<td>86,594.41</td>
</tr>
<tr>
<td>Material Sales Tax 9.000% x</td>
<td>36,195.69</td>
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<tr>
<td><strong>Replacement Cost Value</strong></td>
<td><strong>$123,896.07</strong></td>
</tr>
<tr>
<td><strong>Less Depreciation</strong></td>
<td>(23,115.32)</td>
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<tr>
<td><strong>Actual Cash Value</strong></td>
<td><strong>$100,780.75</strong></td>
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<tr>
<td><strong>Less Deductible</strong></td>
<td>(1,000.00)</td>
</tr>
<tr>
<td><strong>Net Claim</strong></td>
<td><strong>$99,780.75</strong></td>
</tr>
<tr>
<td>Total Recoverable Depreciation</td>
<td>23,115.32</td>
</tr>
<tr>
<td><strong>Net Claim if Depreciation is Recovered</strong></td>
<td><strong>$122,896.07</strong></td>
</tr>
</tbody>
</table>
Insurance Replacement Cost $123,869.07

Depreciation: 23,115.32 - 18.7%

Actual Cash Value: 100,780.75 - 81.3%

Actual Cash Value
Depreciation
We, the undersigned appraisers, do hereby certify that we have performed the duties assigned to us as appraisers for the appraisal of the above referenced insurance claim and have determined the Amount of Loss as specified herein.

### Amount of Loss

<table>
<thead>
<tr>
<th>COVERAGE</th>
<th>REPLACEMENT COST VALUE</th>
<th>DEPRECIATION</th>
<th>ACTUAL CASH VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cov A Dwelling</td>
<td>$288,459.72</td>
<td>$23,066.52</td>
<td>$265,393.20</td>
</tr>
<tr>
<td>Cov B Appur Structures</td>
<td>Not appraised</td>
<td>Not appraised</td>
<td>Not appraised</td>
</tr>
<tr>
<td>Cov C Pers Property</td>
<td>$131,024.07</td>
<td>$24,201.58</td>
<td>$106,822.49</td>
</tr>
<tr>
<td>Cov D Loss of Use</td>
<td>Not appraised</td>
<td>Not appraised</td>
<td>Not appraised</td>
</tr>
<tr>
<td>Other - Remediation</td>
<td>$4,403.54</td>
<td>-0-</td>
<td>$4,403.54</td>
</tr>
</tbody>
</table>
Appraisal Replacement Cost $423,887.33

Depreciation: 47,268.1 - 11.2%

Actual Cash Value: 376,619.23 - 88.8%
Fire
Appraisal Summary

- Appraisal Doubled Replacement Cost Value
- Appraisal 2 ½ x Actual Cash Value
- Insurance Company Applied an 18.7% Depreciation
- While Appraisal Reduced Depreciation to 11.2%
- Appraisal Maxed out All Policy Limits
- ~1 year to Resolve Disputed Claim (August ‘13 – September ‘14)
Wind vs Flood

- Shifting the Burden of Damages from Wind to Flood

- Qui tam lawsuits are a type of whistleblower lawsuit that is brought under the False Claims Act.
Make It Right Foundation
Make It Right Foundation

- Inadequate Water Treatment
- Inadequate Installation of Siding
- Improper balance of Heating and Air Conditioning
- House Wrap Installed Backwards
- Excessive Humidity
- Electrical Fire Hazard
- Improper Installation of Sewage Lines
- Inadequate Appliances