

After the Fire: A Recovery Guide

Property Damage: Insurance Tips

If you are damaged by a wildland fire, then hopefully you have some fire insurance in place. Generally, this will be a homeowner policy if you own a home, a renter's policy if you rent your home, or a commercial policy with property damage coverage if you own a business.

Fire is almost always covered as a risk by one of these three types of policies. The trick is always figuring out what kinds of things are covered and for how much.

So, the first thing you need to do is get a copy of your policy (from your broker, agent or insurance company if it was lost) and read it.

The first page of your policy is usually the declarations page, which is where you will find a list of the various things that are covered.

When it comes to covered property definitions and the extent of coverage, that will vary from policy to policy. Still generally speaking, there are three categories of property that you will find listed on the declarations page: (1) Dwelling or commercial building; (2) personal property and; (3) other structures.

Each of those three categories is usually subject to its own limit of coverage and those limits will be laid out on the declarations page.

In other words, your home may be insured for \$100,000, your personal property (things like clothing, furniture and other personal items) for \$20,000 and other structures for \$10,000 or maybe a percentage of the dwelling limits.

Understanding how the property damage limits fit together becomes critical as you are putting together your claim.

Take your dwelling, for instance.

Some policies provide a single limit for dwelling loss, ie., the declarations page says \$100,000 and that's all that is available.

Other policies may be additional features, known as "endorsements" in the industry, that will add extra dollars to the basic dwelling limit. You may have extra coverage for "code upgrades," which will help pay for additional expenses if, say, local government used to allow you to build on a simple concrete slab, but now the code says there must be footings all around.

There also may be replacement cost coverage built into the policy, which will give you some extra protection if the basic dwelling limit isn't quite enough to pay for a rebuild. Keep in mind, if you have replacement cost coverage and want to claim it, you will most likely have to rebuild. Once again, read that policy.

If you don't have replacement cost coverage for personal property (and usually, you will not), then you may only be covered for the value of each lost item, minus depreciation. Also, some special items such as art and jewelry may have their own individual limits, which are usually pretty low.

When putting together a list of lost property items, try to back that list up with photographs or receipts if you can. If you've lost everything in the fire, then of course that makes your job more difficult, but if you are putting together an honest list you can usually justify most items so long as they appear reasonable to the adjuster.

Other structures are structures that are separate from the house, or that are connected to the house by a fence, wire or whatnot, but are not otherwise attached to the dwelling. Think tool shed, barn, detached garage, that sort of thing.