

The Department of Commerce and Consumer Affairs (DCCA), its Insurance Division and its Regulated Industries Complaints Office (RICO) offer the following tips for filing a homeowner insurance claim:

### **How to file a claim**

First, contact your insurance agent or insurance company. Review your policy with them and ask: (1) Is this claim covered by my policy?, (2) Will this claim likely exceed my deductible? and (3) When can I start making permanent repairs?

Be ready to discuss your claim. You'll be asked to provide information including photos of any damage. Don't forget to include information about any items damaged inside the house and to keep a record of any monies paid for temporary, emergency repairs. Be sure to keep copies of the information you provide.

Your insurance company may send an adjuster to determine the damage and to evaluate your claim. At some point, you may be asked who you would like to perform any repair work, so be prepared to discuss possible contractors.

### **Can I choose my own contractor?**

Your insurance company may have a list of preferred contractors the company works with. You can also choose your own contractor. Regardless of which contractor you choose, make sure the contractor is licensed.

### **Hire a licensed contractor**

Licensed contractors, licensed electricians, and licensed plumbers have the training and experience necessary to get a license. Licensed contractors are also required to carry liability insurance and are responsible if a worker is injured on a jobsite.

Insurance protects you if anything is damaged on your project or if a worker gets hurt on the job. A licensed contractor can also apply for any building permits that may be necessary for your project. In the State of Hawaii, a contractor's license is required for any project where the total cost of labor and materials is \$1,000 or more.

### **The Price is Right**

Make sure you understand the scope of the work that needs to be done and how much the insurance company will pay for the cost to repair your property. If you've received a bid or estimate from a licensed contractor, you'll either need to make sure the money you receive from the insurance company will cover the entire cost of the project or be prepared to make up any difference.

### **Upgrades and Improvements**

If your contractor suggests an upgrade or if, while work is going on, you want to make additional improvements, make sure you understand how much any extras will cost and then ask whether your insurance will cover it. If the additional costs aren't covered, you'll need to pay any additional amounts from your own pocket. Remember, insurance is only meant to restore your property to its previous condition. Depending on your policy, some things, like upgrading the house to meet current building codes, may be covered.

### **“Will this claim affect my coverage or raise my rates?”**

Homeowners want to know if filing a claim will affect their coverage or possibly raise their insurance rates. At any time, an insurance company can consider your claims history and, based on that history, discontinue your coverage or adjust your rates.

### **Be wary of “storm chasers”**

Hawaii homeowners report being contacted by individuals who go door-to-door, offering free inspections and advice on how to get storm damage covered under a homeowner's insurance policy. These individuals may be unlicensed or working with a licensed contractor who has never seen your property or may not regularly do business in Hawaii. *If approached by someone seeking to do storm damage work...*

**Contact the Insurance Division.** In the State of Hawaii, anyone adjusting an insurance claim must be licensed. If someone offers to file your claim or negotiate with an insurance company on your behalf, the person may be acting as an unlicensed insurance adjuster. Contact the Insurance Division at (808) 586-2790 and ask if the work the individual is asking to do requires the individual to be licensed.

**Read any offers carefully.** Be wary of a contractor who requires you to sign an authorization that allows him/her to contact the insurance company on your behalf. Be wary of any form that states that by signing, you agree to have the contractor perform the work in exchange for the insurance proceeds. And, be wary of any contract that says you agree to have the contractor perform the work, whether an insurance company pays for the repairs or not. Don't agree to pay a penalty if you change contractors or your insurance claim is denied.

**If you suspect storm damage,** contact your insurance company and find out how to file a claim. Get at least three bids or estimates from licensed contractors and compare the bids carefully. This will help you to determine if work really needs to be done and if so, the scope of the work. And, remember, insurance is designed to address sudden loss, not routine maintenance or regular wear and tear.

Each year, RICO receives hundreds of tips and complaints about unlicensed contractors. The complaints range from construction that has been poorly done, to money being taken and no work being done at all.

Unlicensed contractors may go door-to-door claiming they “just finished a job down the street,” or “have materials left over from another job.” They may try to pressure you, offering a discounted price, but only if you act today. There may even be some unscrupulous people out there that may try to enhance the damages in order to increase the repair estimates, so consider taking pictures of the damages (if you’re safely able to do so) before a contractor or anyone else goes on the roof to take a look.

Unlicensed contractors may even use a fake license number or a license number that belongs to someone else. So, remember to check license information with our office. You may also want to ask to see a picture I.D. so you know exactly who you’re dealing with.

Unfortunately, bad weather can also attract unscrupulous licensed contractors looking to make a quick buck. So, make sure you’re dealing with the contractor who holds the license and confirm his or her employees will be doing the actual work. Be wary of any contractor who discourages you from contacting your insurance company and be wary of anyone who asks you to sign over an insurance settlement check. Although you may feel pressured to find someone to make repairs, taking the time to check a contractor’s credentials and references can save time and money in the end.

*Unlicensed contracting and violations of Hawaii’s licensing laws are investigated by the Regulated Industries Complaints Office (RICO). To check licensing status or for information about hiring a licensed professional, call the Consumer Resource Center at 587-4272 or visit the State’s website at [cca.hawaii.gov/rico](http://cca.hawaii.gov/rico).*

## RESOURCES

The Insurance Division offers additional information and tips for filing storm claims online at [cca.hawaii.gov/ins](http://cca.hawaii.gov/ins).

To check to see if an individual is licensed as an insurance adjuster, you can check online at [insurance.ehawaii.gov/hils](http://insurance.ehawaii.gov/hils) or call the Insurance Division at (808) 586-2790.

The Regulated Industries Complaints Office (RICO), offers tools, tips, and services you can use to check to see if an individual or business is licensed as a contractor. Information is available by calling **(808) 587-4272** or online at [cca.hawaii.gov/rico/business\\_online/](http://cca.hawaii.gov/rico/business_online/). Neighbor island residents can dial the following numbers then 7-4272 followed by the # sign:

Kauai.....	274-3141
Maui.....	984-2400
Hawaii.....	974-4000
Lanai & Molokai.	1-800-468-4644

RICO is the enforcement arm for over forty-five professional boards, commissions, and programs that are administratively attached to the Department of Commerce and Consumer Affairs. RICO receives complaints, conducts investigations, and prosecutes licensing law violations. RICO also prosecutes unlicensed activity through the issuance of citations and by filing civil lawsuits in the Circuit Courts. RICO works to resolve consumer complaints where appropriate and provides consumer education about various issues relating to licensing and consumer protection. RICO also administers the State Certified Arbitration Program (SCAP) for “lemon” motor vehicle claims.

*This brochure is for informational purposes only and not intended for the purposes of providing legal advice. Information provided is subject to change. Printed material can be made available for individuals with special needs in Braille, large print or audio tape. Submit requests to the RICO Complaints and Enforcement Officer at 586-2666.*

# HIRING A CONTRACTOR FOR INSURANCE CLAIMS



## Regulated Industries Complaints Office

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