

TIPS FOR HOMEOWNERS AFTER A DISASTER:

PUBLISHED BY THE RESTORATION INDUSTRY ASSOCIATION

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NOTE: This is general information for education purposes and is not intended as legal advice. Your contractor cannot advise or assist you with your insurance claim. Each state has unique laws about insurance claims. Questions about insurance claims should be directed to a licensed adjuster or licensed attorney.

Insurance companies play an important role in protecting individuals from a significant loss when a catastrophe occurs. However, in the chaos following a fire, wind, hail or water damage event, insurance policies may be misinterpreted. Despite the turmoil and confusion, it is important to make wise decisions, because you will be living with the results long after the catastrophe has passed.

Your insurance policy is a contract between you and your insurance company. It entitles you to certain rights and imposes certain obligations. As professional restoration contractors, we believe that it is in your best interest to understand the rights and options available to you.



HERE IS A LIST OF 12 QUESTIONS FREQUENTLY ASKED BY POLICYHOLDERS.

1

WHAT ACTION DOES MY INSURANCE POLICY REQUIRE AFTER A LOSS?

In addition to notifying your insurance carrier promptly, most policies require that you take reasonable action to protect your property from further damage. If you fail to do so, your insurance may not cover any additional loss caused by your failure to provide such protection. Other common policy conditions include cooperating with the insurance company during its investigation of the loss.

2

IF I HAVE OBTAINED ADEQUATE COVERAGE, WHAT SHOULD MY INSURANCE PAY FOR?

After a covered loss you are entitled to be paid the reasonable cost of restoring your home to its pre-loss condition. While your deductible is the amount you're responsible for, there may be situations where coverage disputes or limitations mean additional costs fall to you.



3

MUST I HIRE A RESTORATION COMPANY RECOMMENDED BY MY INSURANCE COMPANY?

Very few policies say that you must use a restoration company that is referred or approved by the insurance company. Most policies have no requirements on who you hire to repair your home. You are entitled to employ the services of a reputable, fully licensed, and insured repair firm. If you do not employ such a firm, you may be responsible for the consequences and liability for injury, damage, or other actions caused by the company you hire to do the repairs. This is true whether your insurance company recommended the firm or not.

4

AM I REQUIRED TO USE THE RESTORATION COMPANY WITH THE LOWEST PRICE?

You are not required to accept the lowest bidder. Most policies say that the insurance company must pay a reasonable amount to do the repairs. Repair rates should correspond to prevailing standards in your area for work of professional quality. Contractors can and should make their own prices. Prices in generic price guides may be insufficient to cover the cost of high quality work. You are entitled to employ a firm with sufficient experience and stability in the community to stand behind its work and warranty the repairs.

5

CAN MY INSURANCE COMPANY HIRE A REPAIR FIRM TO WORK ON MY HOUSE?

Only the owner of the property can authorize a company to perform work on that property. The repair contract is between the owner and the contractor. Your insurer probably does not have the right to directly contract for your repairs or insist that you employ a particular supplier or restoration firm.

6

WHAT QUALITY MATERIALS AND WORKMANSHIP AM I ENTITLED TO RECEIVE?

Unless your policy only pays "actual cash value," your insurance policy must pay for materials and workmanship that are equal to the like, kind and quality of your existing property that was damaged. After repairs, the property should suffer no loss in value because of the damage.

7

HOW DO REAL ESTATE DISCLOSURE RULES AFFECT MY REPAIRS?

The laws in each state dictate what is or is not required to disclose to a potential buyer of your property. You may have to disclose past damage to any future buyers, making it essential that all remediation and repairs are properly performed and thoroughly documented. Permanently retain photos, invoices, and proof of payment for restoration services.

8

WHAT SHOULD MY REPAIR CONTRACT INCLUDE?

Before any work starts, you should get a detailed list of the repairs that will be done, along with the materials being used and how much of each. This should all be included in your contract — avoid vague terms like "repair as needed."

The contract should clearly explain how the price will be calculated. Sometimes this is a fixed price, or it might be based on a price list that your contractor uses. Because unexpected issues can come up during repairs, your contract should also explain how changes will be handled.

If anything needs to be added or changed during the job, make sure you and your contractor both agree to it in writing before the work is done. If anything is unclear, ask questions until you feel confident — it's important that you understand the agreement before signing.

9

IS A SPECIAL LICENSE REQUIRED FOR INSURANCE REPAIRS?

States have differing license requirements for home repairs. There are also local regulations and home improvement laws to be considered. Federal regulations may also apply to home repairs, such as rescission notices and special requirements for asbestos, lead and blood-borne pathogens. You are entitled to reject any contractor not in compliance with all federal, state, and local requirements for residential construction. Don't be afraid to ask for evidence of all licenses and insurance before you contract with a specific restorer. Legal questions should be directed to an attorney.



10

HOW CAN I EVALUATE A RESTORATION CONTRACTOR?

The decision on who you hire to repair your largest asset is serious. You should ask for references to other jobs the contractor is currently working on or has recently completed. Then follow up with those references. As mentioned earlier you should verify the contractor has the proper licenses and insurance to do the repairs. You will also want to ask the contractor for credentials and association memberships with organizations including the **Restoration Industry Association (RIA)** and the **IICRC Institute of Inspection Cleaning and Restoration Certification** that indicate professional training and status in insurance repair and restoration, since this differs from ordinary home improvement or maintenance work. And finally, ask the restoration company about any relationship with the insurance company that may impede their ability to provide an independent evaluation of your damage.

11

WHAT IF THE INSURANCE COMPANY AND I CANNOT AGREE ON THE AMOUNT OF THE LOSS?

If disagreement arises between you and the insurance company over the amount of the loss, you are entitled to request an "appraisal" as described in your policy. The standard homeowners' policy spells out the procedures for appraisal without resorting to a lawsuit. The insurance company may also request appraisal, which can be invoked at any time prior to claim settlement, even if you have already received one or more payments.

12

HOW LONG MUST I WAIT FOR MY INSURANCE PAYMENT?

You are entitled to receive payment from the insurance company within the time specified by the policy and your state insurance regulations. Most policies require payment within 15-30 days once coverage and the amount of loss have been agreed to. If there is a disagreement on the amount of loss the insurance company is also required to pay the "undisputed" amount within the same timeframe. The policy may also have time requirements for the policyholder. Check your policy or ask your adjuster or agent about them so that you will know what to expect. Legal questions should be directed to an attorney.

FINAL THOUGHTS:

Only you (the policyholder), can insist that your insurance company comply with its obligations under the policy. As professional restoration contractors, we recommend that you do so out of our strong conviction that good workmanship and ethical business practices benefit the insurance industry as well as the public at large.



ABOUT THE RIA:

About the Restoration Industry Association (RIA) The Restoration Industry Association (RIA) is the oldest and largest non-profit, professional trade association dedicated to providing leadership and promoting best practices through advocacy, standards & professional qualifications for the restoration industry. With an extensive network of professionals working towards similar goals, RIA has become a trusted resource of knowledge for those involved in cleaning and restoration. For more information, visit www.restorationindustry.org.