

CUMBRIA FLOODS 2009 FREQUENTLY ASKED QUESTIONS

1. *What is a loss adjuster and who do they work for?*

Loss adjusters are appointed by insurance companies to help their customers recover their homes and businesses following the flood and agree settlement of their claims. Not all insurance policies are the same and your loss adjuster will help you to understand exactly what is covered by your policy, and the process of settling your claim. It is a common misconception that loss adjusters are paid according to the amount of money they save the insurance company but this is never the case. They are paid according to time spent handling each individual case, or alternatively on a pre-agreed scale.

The settlement process may be different depending upon the policy wording. Sometimes the adjuster will arrange for property to be replaced or rebuilt and in other cases they will agree a monetary value for the claim. Where they arrange the appointment of surveyors and contractors, loss adjusters will act as project managers and an important part of their job is to manage the process in terms of the length of time drying will take and what you might expect by way of disruption as the repairs are completed. They will also co-ordinate the activities of different suppliers and provide advice on arranging alternative accommodation as well as for commercial cases, helping with business interruption aspects.

We recognise that this is inevitably a very traumatic experience for customers affected by flooding - your loss adjuster is there to help you get your life back to normal as quickly and with as little stress as possible, should you have any queries please ask.

2. *What is a loss assessor and who do they work for?*

Loss assessors are appointed by claimants to liaise with the loss adjuster and agree settlement of the claim. They are paid by the claimant, usually by agreeing a percentage of the overall claim value. Their fees are not recoverable as part of the insurance claim.

3. *How long will it take for my property to dry out?*

The length of time a property will take to dry depends upon the depth of flooding, the length of time the flooding lasted and the nature of the building's construction. Older properties can take longer to dry - for example where water has penetrated substantial stone walls. During the Carlisle floods there were very few properties in the worst affected areas that were dried out within six months and some took longer. Loss adjusters and the specialist drying contractors with whom they work are best placed to provide advice regarding drying periods for specific properties on a case by case basis.

4. *What is speed drying and how might it be of benefit to me?*

Speed drying is a relatively new technology. Most of the approved drying contractors working in Cumbria have the necessary equipment and expertise. The process works by sealing up all doors, windows, chimneys, etc. and installing a high-powered heater on the ground floor. The air in the property is then heated and an extract pipe sucks out the wet air, passes it through a dehumidifier and pumps the dry air back into the building. This technique can reduce the initial drying period to a matter of weeks instead of months, but it is generally a misconception that it can take only 1 or 2 days.

Also, it is by no means suitable for every property. Many of the properties that have been affected in Cumbria, especially Cockermouth, have thick walls where the water is likely to have penetrated deep into the bed joints. Although speed drying could quickly make a noticeable difference to the surfaces and achieve reasonable penetration, it will still take time to draw out moisture that is deeply embedded.

Speed drying can sometimes have an adverse effect on some building materials, for example timber. Following an initial speed dry, it might be appropriate to revert to traditional drying techniques, but there could still have been a time saving of one to three months. The benefit of using the technology has to be assessed in each individual case.

5. *Can I dispose of water-damaged contents?*

All property which will be the subject of an insurance claim needs to be logged in as much detail as possible. Generally speaking, loss adjusters will be on hand to help carry out this work or at the very least, check lists that have been drawn up by customers. However, in some cases contaminated stock will have to be discarded before lists have been agreed and in such an eventuality, it is essential that lots of photographs are taken and that the lists are as accurate and detailed as possible. If in doubt, ask your loss adjuster.

6. *Can I appoint my own surveyor to arrange the repairs?*

Most policies will allow you to appoint a surveyor to specify and organise the repairs subject to certain conditions and these should be discussed with your loss adjuster. Neither insurers nor loss adjusters will insist on the use of their own surveyors. However, they will point out to customers that the firms they use have wide experience of repairing flood damaged buildings and can liaise on your behalf with contractors and loss adjusters and deal with Building, Planning and CDM (Construction Design & Management) Regulations on your behalf.

7. *Can I choose a local contractor to carry out the repairs or do I have to use my insurance company's builder?*

Neither insurers nor loss adjusters will insist on the use of their contractors, who may be from outside of the area. However, they will point out to customers that the firms they use have the necessary experience and expertise in repairing flood damaged buildings, and are resourced accordingly. In our experience, the performance of local contractors can be hampered by the sudden increase in workload, which leads to increased localised demand for materials and resources. The use of approved contractors from outside the affected area can help to alleviate this problem.

Consequently, insurers and their loss adjusters will maintain that the building arrangements they can put in place will ensure that the buildings are dried and repaired within an optimum time scale so that you can return to a normal life as quickly as reasonably possible.

8. *How does business interruption insurance work?*

For commercial policyholders with business interruption insurance your policy will have a sum insured for gross profit (which is defined) and cover for a specified maximum period – usually 12 or 24 months. The policy will reimburse customers for gross profit lost during the period that the business is directly affected by the damage and for the period thereafter that it takes for profit to return to normal. Specialist business interruption accountants on the staff of the loss adjusting firms concerned will provide detailed advice on the documentation needed to establish the claim and they will work with customers' accountants to help agree a settlement. The cost of customers' accountants involved in producing information to support the claim is covered by the policy but their time spent negotiating the claim is not a recoverable expense.

9. *How long will the insurance company pay me to live in alternative accommodation?*

Insurers will pay up to the policy limit for the length of time that the drying out period and repair works to your house require you to live in alternative accommodation. In previous floods there were cases where the alternative accommodation limit was exceeded and it is important for customers to be fully aware of the extent of their cover at the time they enter into rental agreements. If in any doubt, ask your loss adjuster.

10. *Will insurers pay for my property to be repaired using flood resistant materials?*

Your insurance policy generally will pay to reinstate your property as it was before the flooding. Insurers will not as a rule make additional payments for more expensive materials to be used to help defend the property against future flooding. However, loss adjusters and surveyors working for them can provide advice on flood resistant building techniques including those that do not have a cost attached, such as replacing plasterboard walls with the boards laid horizontally instead of vertically and the raising of electrical points above the likely level of any future flood water. You may wish to lessen the impact of any future flooding event by contributing towards the cost of enhanced repairs to provide a more resistant building.

11. *If planning or building regulation requirement mean that I have to carry out extra work, will insurers meet the cost?*

Yes, providing a new building regulation or legally enforceable local authority requirement means that additional work is needed, then the policy will generally pay for this. Sometimes however, the Building Control Officer may make a recommendation that is not legally enforceable and in such cases your loss adjuster will advise if the additional cost can be recovered under the policy.

12. *Can I expect to receive payments on account or do I have to wait until the claim is finalised before I receive any money?*

Loss adjusters should be in frequent touch with the claimants they are looking after to make sure that adequate payments on account are made to help them meet ongoing expenses such as alternative accommodation, or in the case of a commercial enterprise, the wages.

13. *What is under-insurance and what does it mean for me?*

Different insurance policies have different stipulations about under-insurance. You should always ensure that your sum insured is sufficient for the purpose of the policy, if necessary by taking specialist advice. Some household policies are sold on the basis of the number of bedrooms others on the rebuilding cost, and for commercial insurance many policies require that the sum insured represents at least a certain percentage of the rebuilding or replacement cost of the property insured. If the level of cover falls below this percentage, then a process called averaging can apply. Basically this means that claims are adjusted pro rata to the level of under-insurance so, for example, 50% under-insurance would result in a 50% deduction on the claim etc. Your loss adjuster will be able to advise you if there are any under-insurance implications on the claim.

14. *Will I be covered if I have lost trade but my property has not been flooded?*

Some policies include a clause for denial of access so that even if there is no physical damage at a property, there is cover for loss of gross profit when the business is inaccessible due to a flood or other event. If you have any queries please discuss with your loss adjuster.

Finally, please remember that your insurers and their loss adjusters are here to help you minimise the impact of this event on your personal circumstances. We will work with you to deliver the benefits afforded by your insurance policy in getting your life back to normal as quickly as possible. If you have any concerns or queries, please liaise with your loss adjuster.