

Handling Water Damage Claims



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of Insurance

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Get Help from TDI

For insurance questions or for help with an insurance-related complaint, call the **Texas Department of Insurance (TDI) Consumer Help Line** at **1-800-252-3439** or visit our website at **tdi.texas.gov**.

Visit **HelpInsure.com** to shop for automobile, homeowners, condo, and renters insurance. Visit **TexasHealthOptions.com** to learn more about health insurance and your options for coverage.

Water damage to your home can be expensive and time-consuming to repair. Homeowners insurance policies don't cover damage caused by floods and might not cover other types of water damage.

If you want coverage for damage caused by flood, you'll have to buy flood insurance. You can get flood insurance through the National Flood Insurance Program (NFIP). If you want to buy flood insurance, contact your agent. You can visit the **NFIP** website at **FloodSmart.gov** to rate your flood risk.

You might be able to add coverage to your existing homeowners policy to cover things like:

- sewer or drain backup;
- sudden and accidental water damage from a plumbing, heating, or air conditioning system; and
- mold remediation.

It's important that you read your policy carefully to understand your policy's coverages and dollar limits. If you have questions, call your agent. You can also call the TDI's Consumer Help Line.

After a Flood or Water Leak

Stop the water flow or leak as soon as possible. Remove pools of water and start drying the area to prevent additional damage.

Move wet items to a dry room or area with lots of fresh air. Pull up wet carpeting and rugs as soon as possible. If you move items outside, put them in a secure area to protect them from theft.

If you can't remove the water and dry the area quickly, consider using a service that specializes in cleaning up after water damage. Keep receipts from the cleanup and

give them to your insurance company. The insurance company might pay you back.

Filing an Insurance Claim

If you have a claim, tell your insurance company as soon as possible. There should be a toll-free claims number on your policy. Most insurance companies require you to tell them in writing, so follow up with a written notice with information about what happened.

The following tips can help the claims process go more smoothly:

- Review your policy to make sure you understand what it does and does not cover. If you're not sure, ask your agent or the insurance company to explain. Visit the **Office of Public Insurance Counsel (OPIC)** website at www.opic.texas.gov to find coverage comparisons for most homeowners policies sold in Texas.
- Have your policy number ready when you call your insurance company. Be prepared to answer questions about the damage.
- Take pictures or video of the damaged area and property before you make repairs. This is especially important if you make repairs before your insurance adjuster has seen the water damage.
- Don't throw away anything you removed from the house until your insurance adjuster has seen it.
- Make reasonable repairs to protect your home and property from more damage, but don't make structural or permanent repairs until your company says it's OK.
- Write down everything you spend on repairs and keep the receipts.
- Keep a log that lists everyone you spoke with at your insurance company.
 - Note the time, date, name of the person, and what you talked about.
 - Follow up with the company in writing to confirm important details.
 - Keep copies of letters or other documents you and your company send each other.

Claims Process

After you file the claim, you should hear from the insurance company within a day or two. The insurance company will tell you about its claims process and any responsibilities you have. The insurance company should give you the name of the person who will be working on your claim.

The insurance company must start investigating your claim within 15 days after receiving written notice and may ask you for more information. Once you send the

information, the insurance company has 15 business days to accept or reject your claim. If the insurance company says it will pay your claim, it must pay within five business days. If the insurance company rejects your claim, it must explain its reasons in writing.

As part of the process, the insurance company will send an adjuster to your house to look at the damage. It might be awhile if there was a disaster and the area isn't deemed safe. Try to be home when the adjuster comes so you can discuss the damage and answer any questions.

The insurance company will tell you in writing if your policy covers the damage and will give you an initial damage estimate. Keep in mind that the estimate may change. The insurance company might provide you with a list of contractors, but you don't have to use someone from the list.

About Adjusters

The person you deal with most often during a claim will probably be an adjuster. There are several types of adjusters:

- **Company adjusters** are full-time employees of the insurance company.
- **Independent adjusters** are independent contractors who provide claims services to insurance companies. They usually charge the insurance company a fee for each claim they handle.
- **Public insurance adjusters** are independent adjusters who help people negotiate claims with their insurance companies. Public adjusters work for you, not the insurance company. They charge you a fee for their services. The fee is usually a percentage of the claim and is subtracted from any settlement you get from your insurance company. You don't have to hire a public adjuster.



Note: Adjusters must be licensed by TDI. To learn whether an adjuster is licensed, call the TDI Consumer Help Line or visit our website.

Settling a Claim

Your insurance company has five business days to send you a check after it says it will pay your claim. If you don't get your check within five business days, call your agent or insurance company. If you think that the company is delaying payment on purpose, call TDI for help.

If you have a replacement cost policy, most insurance companies pay claims with two checks. The insurance company will give you the first check after the adjuster has reviewed your damage. This check will be for the estimated cost of repairs, minus depreciation and your deductible. A deductible is the amount of the claim that you're responsible for paying yourself. Review your policy or ask your agent or adjuster if you don't know how much your deductible is.

The insurance company will give you a second check for the balance of your claim after it gets the contractor's bill for the finished job. You must complete repairs or replace your property within a certain number of days from the date of loss. Review your policy or ask your agent how soon you must repair or replace your property.

Replacement Cost and Actual Cash Value

- **Replacement cost** is what you would pay to rebuild or repair your home, based on current construction costs. Replacement cost is different from market value and does not include the value of your land. Ask your company if you're not sure how much it would cost to rebuild your house.
- **Actual cash value** is what you would pay to rebuild or replace your property minus depreciation. Depreciation is a decrease in value due to wear and tear or age. If your home is destroyed and you only have actual cash value coverage, you might not be able to completely rebuild.

Read your policy carefully to know whether it offers replacement cost coverage or actual cash value coverage.

The insurance company will pay to repair your home with materials of like kind and quality to the original. For example, if the carpet was damaged, the insurance company will pay to replace the damaged carpet with carpet of a similar grade and quality. If you choose to upgrade the carpet or change the type of flooring, you will have to pay the extra costs yourself.

If You Have a Complaint

If you have a complaint about the way your claim is being handled, first call your insurance company. Many complaints can be resolved by talking to the insurance company about your issue.

If you can't resolve the dispute directly with your company, file a written complaint with TDI. There are two ways to file a complaint:

- You can use the **Online Complaint Portal** at tdi.texas.gov/consumer/complfrm.htm.
- You can also fill out a complaint form that is available on the portal page or by calling the Consumer Help Line.

Additional Living Expenses to Relocate

Your insurance company might pay your additional living expenses (ALE) if you have to move from your home while repairs are made. ALE includes temporary housing, food, and other essentials.

Ask your agent or insurance company if your policy includes ALE. If it does, you might be able to get an advance payment to help you move. Most policies pay up to

10 to 20 percent of the amount of the dwelling coverage on your house for ALE.

Your insurance company will only pay for additional living expenses up to your policy's ALE dollar limits. Because repairs on your home can sometimes take months, monitor your expenses carefully to make sure you have enough ALE to cover the entire time you'll be out of your home. If you reach your policy's ALE dollar limits before your home is fully repaired, you'll have to pay the rest of the expenses out of your own pocket.

Coverage for Mold

Mold can start growing within a day or two after a water leak. Stop the flow of water and dry materials as soon as possible to reduce the chances that mold will grow. Move anything that got wet out of your house to keep more mold from growing.

Most insurance policies will pay to remove mold only if it must be removed to repair or replace property that was damaged by a covered peril. You must report water damage that was hidden from view within 30 days of the date you first noticed it. Some companies provide a limited amount of mold remediation coverage, and other companies will allow you to buy additional coverage for mold remediation by endorsement.

If you're not sure whether you have coverage for mold remediation, ask your agent or the company. Visit the OPIC website to find mold coverage information for most policies.

Any professional who removes mold from homes must be licensed by the Texas Department of State Health Services (DSHS). Property owners may clean up mold on their own property without a license.

Mold assessors and remediators must meet certain qualifications, have required training, and pass a state exam before receiving their licenses. You can learn whether a company or person is licensed by calling **DSHS** at **512-834-6600**.

Certification Required for Certain Types of Claims

If you hire a mold remediator, all repairs and remediation must be inspected. The remediator must also give you a Certificate of Mold Remediation (MDR-1) no later than 10 days after the work is done. The certificate is proof that the mold has been removed and the cause of the mold is fixed.

If you don't have a certificate for the repairs or remediation, an insurance company can deny you coverage in the future based on past mold damage or claims. If you sell your property, the law requires that you provide the buyer with a copy of all certificates you have for that property.

If you repair damage resulting from an appliance-related leak, you need to get

a Certificate of Appliance-Related Water Damage Remediation (WDR-1). The certificate verifies that the damage was properly replaced or repaired and that any related physical damage was properly remediated, repaired, or replaced. If you don't have the repairs or remediation certified by a WDR-1, an insurance company can deny you coverage in the future based on previous appliance-related damage or claims.

Protecting Your Home from Future Water Damage

Inspect your home regularly for signs and sources of moisture. After it rains, check for water stains or odors inside your house. Create a maintenance schedule to check the following sources of water leaks on a regular basis and contact a service company with any questions or concerns:

- **Hot water heaters.** Hot water heaters can rust or develop cracks over time. Check your water heater for rust and deterioration every year. Check the drain pan for water and ensure that the drain line for the overflow pan isn't clogged. Drain and clean the water heater as recommended by the manufacturer.
- **Garbage disposal.** Routinely check for cracks or leaks.
- **A/C drain lines.** Damage can occur when the line that drains condensation from the evaporator coils becomes clogged and water overflows from the drip pan. Periodically check the drip pan for water and consider an annual service call to reduce the buildup of algae and mold in the drain line.
- **Indoor and outdoor pipes and faucets.** Routinely check indoor pipes under cabinets and sinks for leaks, rust, and any signs of deterioration. Minimize the potential for water damage from frozen and broken outdoor pipes by insulating supply lines (in attics, crawlspaces, and exterior walls), protecting exposed outdoor faucets, sealing gaps in exterior walls, and maintaining adequate heat in your home.
- **Appliance hoses.** Broken hoses are among the most common causes of water damage. Regularly inspect hoses and hose fittings on washing machines, icemakers, and dishwashers for kinks, cracks, bulges, or deterioration. Replace standard rubber washing machine hoses every two to five years or more often if they are showing signs of wear. Consider using steel-reinforced hoses for longer life.
- **Showers, tubs, sinks, toilets, windows, and doors.** Water leaks around bathtubs, showers, sinks, and toilets can cause damage because the leak is often out of sight. To prevent leaks, make sure you have a watertight seal of caulk around tubs, sinks, toilets, tubs, shower stalls, windows, and doors. Cracks or mold on caulk or tile grout may indicate that you don't have a watertight seal. Remove all caulk or grout, clean and dry the surface thoroughly, and apply

fresh caulk. Don't apply new caulk or grout on top of the old materials.

- **Attics and ceilings.** Routinely check for wet insulation and water stains.
- **Wallpaper.** Routinely check for bubbling, peeling, and stains.
- **Roofs.** Keep roofs free of debris that can damage roofing and allow water to seep in. Trim tree branches to prevent them from rubbing and damaging the roof. Repair missing or damaged shingles. Properly seal any cracks around chimneys, skylights, and vents. Check metal flashing for holes, cracks, or other damage. Replace flashing or use silicone caulk to seal any openings.
- **Rain gutters and downspouts.** Direct rainwater away from your home. Keep gutters clear and make sure downspouts are long enough to carry water away from your foundation. Gutters that are filled with leaves and other debris allow water to back up on the roof, which can result in water damage to eaves and roofing material.
- **Sump pumps.** Sump pumps are the first line of defense in preventing water from seeping into basements. Periodically check the sump and remove any debris that could clog the pump. Consider installing a battery-powered backup to protect your basement during power outages.
- **Weep holes.** Weep holes are openings at the foundation level of a brick wall that allow moisture to escape from behind the wall. Don't close or block these openings.
- **Landscape.** Yards should slope away from the house to prevent puddling near the foundation or under pier and beam houses. Don't allow sprinklers or sprinkler heads to soak the exterior of your house.

Other Precautions

- **Know the location of water valves.** Make sure everyone knows where the main valve is located and how to turn the water off.
- **Monitor utility bills.** An unusually high water bill could signal a water leak.
- **Turn off water before traveling.** Turn the water off at the main valve or directly on major appliances. Consider leaving a house key and contact information with a neighbor or trusted friend and ask the person to check the inside and outside of your home periodically while you are away.

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