



The Claimant's Handbook

Have you suffered water damage or been the victim of a fire or a break-in?
Have you notified your insurer? What will happen next?

This guide will help you to:

- Understand the claims settlement process.
- Participate in the decision-making process.
- Take charge of the claims settlement process so you can get back to your "real life" as quickly as possible.
- Follow up on the work of all those involved in settling your claim.
- Keep track of all the documents and information you need to settle your claim.



**CHAMBRE
DE L'ASSURANCE
DE DOMMAGES**

chad.ca

5 IMPORTANT POINTS TO REMEMBER

- 1** You are responsible for your claim. Monitor every stage of the work done in your home.
- 2** The claims adjuster assigned to your file is like an orchestra conductor. He is responsible for guiding you and keeping you informed throughout the process. Don't hesitate to ask him questions.
- 3** Take photos of what happened (building and personal property), keep your receipts and ask for a copy of documents signed during the claims settlement process.
- 4** Claims are negotiable! Review the quotes you receive and approve the proposed costs before authorizing any work or accepting the offer of settlement.
- 5** Confirm that you are satisfied with the work that has been done before making the final payment to service providers.

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This guide is provided for general information purposes only. It is not designed to offer legal or definitive advice. For the sake of greater clarity, references to the masculine gender include the feminine gender.



THE CLAIMANT'S CHECKLIST

Do you need help filling in this section? Your claims adjuster can walk you through it.

Name of the insured(s):

- 1. _____
- 2. _____

If there is more than one insured, write all their names and designate one of them as the contact person who will deal with the insurer and the various professionals.

> INFORMATION ON THE LOSS

Location of the loss (or address):

Nature/type of loss (e.g.: water damage, fire, break-in):

Date of the loss: _____

> YOUR INSURANCE CONTRACT

Name of your damage insurance broker/agent
(if applicable):

Your broker/agent's phone number:

E-mail: _____

Insurer's name:

Insurer's phone number (claims department):

Policy number: _____

Claim number: _____

Amount of your deductible (if applicable):

Amount of coverage for your personal property:

Amount of coverage for your building:

Limits or other amounts indicated in the contract (if applicable):

Endorsements and amounts indicated in the contract, for example *water damage* (if applicable):

Additional living expenses (if applicable):

> CONTACT PERSONS FOR THE SETTLEMENT OF YOUR CLAIM

| | |
|--|--|
| Name of the claims adjuster mandated by the insurer: _____ | Name of the claims adjuster you have mandated (hired) (if applicable): _____ |
| Name of the claims adjuster's firm (if applicable): _____ | Firm name: _____ |
| Phone number: _____ | Phone number: _____ |
| E-mail: _____ | E-mail: _____ |

> IMPORTANT DATES

| | |
|---|--|
| Date of the 1 st call to the insurer: _____ | Name of the disaster restoration professional: _____ |
| Name and title of the person who answered your call: _____ | Contact information: _____ _____ |
| Information provided: _____ _____ _____ _____ _____ _____ _____ _____ | Emergency work carried out: _____ _____ _____ _____ _____ _____ _____ |
| Date of the 1 st emergency measure taken: _____ | Date of the 1 st visit (or 1 st call) from the claims adjuster in charge of your file: _____ |

THE PLAYERS: WHO DOES WHAT?

INSURER

The insurer is the company with which you have an insurance contract. It has agreed to compensate you if you suffer damages to a risk that is covered under your contract. If your claim is admissible, the insurer is obliged to return your property to the state that it was in before the loss occurred, according to the terms of your contract.

DAMAGE INSURANCE AGENT

If you purchased your contract directly from the insurer, it was an agent employed by this insurer who advised you and sold you the contract. Generally speaking, agents do not participate in the claims settlement process.

DAMAGE INSURANCE BROKER

If you purchased your insurance contract through a broker, he is the person who advised you and sold you your contract. When a loss occurs, this professional can give you an overview of the steps involved in making a claim, however it is the claims adjuster in charge of your file who is responsible for guiding you through the claims settlement process.

CLAIMS ADJUSTER MANDATED BY THE INSURER

The claims adjuster is the professional who the insurer has mandated to settle your claim. He is responsible for investigating the cause of the loss, determining whether this loss is admissible under the terms of your insurance contract, estimating the amount of damages and negotiating the settlement with you. Whether he is employed by the insurer or works for a claims adjusting firm (in which case he is called an external or independent claims adjuster), his duties remain the same. **He is paid by your insurer.**

The claims adjuster is the orchestra conductor of the claims settlement process: he takes your statement, collects additional information from third parties, sends you details regarding the coverage your insurance contract provides, explains to you the claim process and the expected timelines and, together with you, he prepares the claim presented to the insurer. He is the resource person to turn to if you have any questions regarding your claim.

The claims adjuster is, at all times, the person ultimately in charge of settling the claim, even though he may delegate some of his work to service providers whose work he supervises.

CLAIMS ADJUSTER MANDATED BY THE CLAIMANT

You may, **at your own cost**, retain the services of a “public” claims adjuster who will deal with your insurer and the insurer’s claims adjuster on your behalf. He will be your main representative and spokesperson with the insurer and will negotiate on your behalf with the claims adjuster mandated by the insurer. This professional will regularly report to you on the status of your file, and help you to properly document your claim and make informed decisions throughout the process. The claims adjuster must provide you with a written contract and allow you to choose between two methods of payment. See page 10 for details.



Did you know?

Claims adjusters (mandated by the insurer or by you)—just like damage insurance agents and brokers—are professionals who are certified by the Autorité des marchés financiers and overseen by the Chambre de l’assurance de dommages (ChAD). They are obliged to take at least 20 hours of professional development every two years in order to maintain, and indeed upgrade, their skills. They are bound by a code of ethics and must comply with several Acts; the ChAD ensures their professional practice compliance. Go to chad.ca to read the *Code of ethics of claims adjusters*. You can verify that your claims adjuster is authorized to carry on activities by checking the register of the Autorité des marchés financiers.



DISASTER RESTORATION PROFESSIONAL

This service provider specializes in emergency work and the clean-up that may be required in the wake of a loss to limit damages and ensure that the situation does not deteriorate.

It is recommended that you call the insurer first, since it will dispatch the disaster restoration professionals **if necessary**. You may also contact a service provider directly. If the loss is not covered under your insurance contract, you will have to cover the costs yourself.

CONTRACTOR

The contractor is the person or the company that carries out the renovations after the loss. You can choose the contractor to do the repairs or do them yourself. Insurers can also suggest service providers with whom they already have a business relationship. Confirm all terms and conditions of the various options with your claims adjuster.



Did you know?

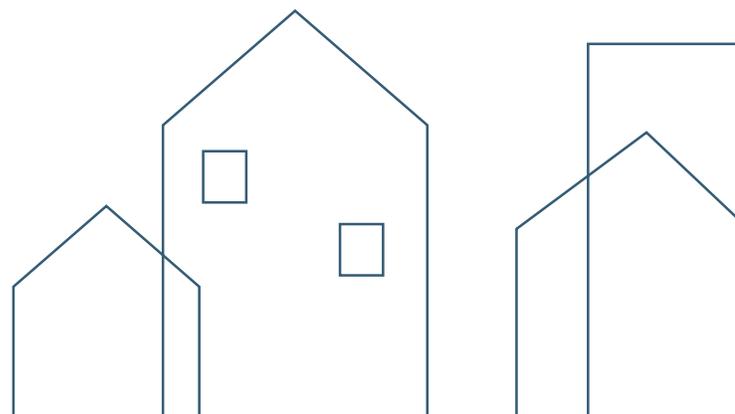
The cost of the work performed by the disaster restoration professional is deducted from the total compensation that you receive and is included in the cost of repairing or replacing your property. Carefully read our advice on page 6.

APPRAISER

The appraiser is mandated by the claims adjuster to calculate the amount of damages and estimate the cost of repairs, including the cost of materials required to **restore your property to the state it was in before the loss occurred**.

It is important to request a copy of the quote or the estimate and discuss it with the claims adjuster. This document specifies the work to be done and its cost. You have a say regarding the proposed work and the choice of materials (which must be of the same nature and quality as those that were there at the time of the loss).

The claims adjuster is the resource person to turn to for all questions regarding your claim.



STEP BY STEP: WHAT TO DO WHEN A LOSS OCCURS

The steps vary depending on the nature of the loss and your insurer's procedures. Review the settlement process with the claims adjuster assigned to your file.

THE FIRST HOURS

1. **Notify your insurer**

Contact your broker or insurer and describe to him to the best of your ability the circumstances surrounding the loss.

2. **Limit the damage**

It is your responsibility to take steps to limit the damage or stop the situation from deteriorating, but do not make any permanent repairs before speaking to your insurer. If you are able to do so, document the loss (with pictures or videos). If water damage has occurred, dry everything as quickly as possible to avoid mold developing. If you throw out water soaked items, make sure to take a picture and describe them for the purposes of settling the claim. In case of fire, do not enter the building before receiving permission from the competent authorities.

3. **Authorize emergency work**

In order to avoid further damage occurring, emergency work may be necessary. You can retain the services of a disaster restoration professional or your insurer can suggest one and even dispatch the company to the site, but make sure you properly understand what they are doing and how much it will cost before giving them authorization to proceed.

4. **Meet with the claims adjuster in charge of your file**

The insurer will designate a claims adjuster to settle your claim. He will guide you through the claims process. He will investigate the cause of the loss, estimate the damages and negotiate the settlement with you.



Handy tips and advice

- Check with your insurer to make sure the emergency measures taken are covered by your contract.
- Analyse the situation before authorizing the demolition or replacement of certain materials, and keep a sample of what is to be replaced.
- Refuse to have any of your property moved before taking an inventory and documenting the state of the items (salvageable or a total loss). For details, see page 7.
- Review your options before signing an assignment of claim. Read our advice on page 8.
- Monitor the work done by the disaster restoration professionals: for example, after a fire, the service provider might take away all your clothing for cleaning even though it may be more advantageous and less expensive to replace certain outdated pieces of clothing or clean them yourself. If your contract includes certain coverage limits (for instance, a \$15,000 maximum for water backup in the basement), you might have to make certain decisions on how you use the insurance compensation to which you are entitled. Get a quote **before** the disaster restoration professionals do their work, and tell the claims adjuster what your plans are in order to avoid having a large chunk of your compensation used up on cleaning old clothes or restoring furniture of little value.
- Write on your checklist the name of the team leader and the number of workers on-site, how many hours they worked and what kind of emergency work was carried out.
- Monitor the work. After all, it's your home.

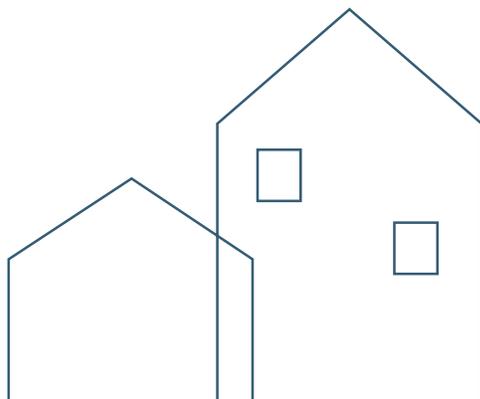


5. Verify how much coverage you have with the help of the claims adjuster

The claims adjuster will explain to you the coverage your insurance contract provides and, if necessary, how to go about obtaining additional living expenses (for example, if you have to leave your home). Keep all your receipts for expenses incurred in the wake of the loss since they may be reimbursable.

Furthermore, if you need to have your furniture stored, carefully choose the personal effects that you want to keep with you, as it may be difficult to access the storage space or find a specific item amongst all the boxes.

Review the quotes and approve the proposed costs before authorizing the work or accepting the settlement offer.



THE CLAIMS SETTLEMENT PROCESS

1. Identifying the cause of the loss

This is the responsibility of the claims adjuster. He will confirm the damage, verify your initial statement and, if necessary, consult with specialists. At his request, you will have to provide him with certain information or documents to help him identify the cause of the loss. **Depending on the results, he will confirm whether your claim is admissible or not under the terms of your insurance contract.**

2. Estimating the damages

The claims adjuster must also estimate the amount of damages and decide on how much compensation the insurer will offer to pay you. He will sometimes be assisted by an appraiser or other specialists. However, **it is your responsibility to properly document and justify your claim**, and, in particular, to prepare an inventory of damaged, destroyed or stolen property with as much proof of ownership as possible (invoices, pictures, etc.). For each item, indicate whether you wish to salvage it by having it cleaned or whether you feel it is unsalvageable. Ultimately though, it is the claims adjuster who is responsible for declaring an item a total loss.

The faster you submit your inventory, the faster your claim will be processed. Be aware that the insurer could refuse to pay if you make a claim for more than you actually own or overestimate the value of your property.

3. Choosing the contractor

You are free to choose the contractor who will do the repairs or you can do them yourself. Insurers can also suggest service providers with whom they already have a business relationship. No matter what, the decision is always up to you. Discuss your decision with the claims adjuster in charge of your file and come to an agreement on the terms and conditions of the settlement, since they may differ if you do the work yourself.

STEP BY STEP: WHAT TO DO WHEN A LOSS OCCURS

THE CLAIMS SETTLEMENT PROCESS (CONT.)

4. Authorizing the work

Review the quotes for the work, taking care to verify the proposed costs for each step of the process—for instance, rebuilding and storage; or cleaning, repairing and replacing personal property—as well as timelines. Confirm it all with the claims adjuster and verify whether your insurance contract provides lump sum compensation or breaks down the compensation into fixed “line items.” If there is a limit on the amount of insurance, you may have to prioritize between repairs to your home and replacing damaged personal property.



Should I sign the assignment of claim or not?

The disaster restoration professional, the contractor or the service provider may ask you to sign an assignment of claim that will allow the insurer to pay him directly for the work he does at your home. You have no obligation to sign this document. Be aware that although this procedure simplifies payment to service providers, it may make it hard to control work-related costs.

In order to maintain some control over your total compensation, you can ask that the maximum cost of the work be specified in the assignment of claim; require a signed letter of satisfaction before the final cheque is sent; or ask the insurer to make out the contractor's final cheque in both your names. These actions enable you to avoid “signing a blank cheque” when you make an assignment of claim, and also allow you to confirm that the work was done to your full satisfaction before making the final payment.

5. Negotiating the settlement

Once the claims adjuster has received the inventory of damaged personal property (with the items' origin and replacement value as of today's date), he can calculate the settlement offer using the information in your contract concerning coverage, limits and exclusions, and, in particular, replacement cost or depreciated value.

If you have replacement cost insurance, your property will be repaired or replaced by new items of the same nature and quality, even if replacing them costs more than what was originally paid. If you decide, however, not to have certain items repaired or replaced, the insurer will compensate you for the value of the damaged goods on the day the loss occurred, in other words, at their depreciated value.

Before any of your property is repaired, cleaned or replaced, make sure to carefully review the settlement offer and confirm that it is acceptable. If not, there is always room to negotiate.

6. Paying compensation and the deductible

Depending on the extent of the damages, payments are made throughout the settlement process, as the service providers submit their invoices. Make sure you have told your insurer whether or not you are satisfied with the work that was done before the insurer pays the service provider. If damages do not exceed the limit of insurance, your deductible will be deducted from the compensation or the insurer will ask you to pay this amount directly to the service provider.



7. Claiming the amount of the deductible from a liable third party

If a third party is liable for the damages you suffered, you can claim reimbursement from this party for both your deductible and damages that your insurer did not reimburse. Do not forget that there are limitation periods for taking legal action. Be careful! Ask your claims adjuster for more information and consult a lawyer, if necessary. A [model letter](#) is available at [chad.ca](#).



Did you know?

The insurer not only has the obligation to return your property to the same condition it was in before the loss, but it is also obliged to compensate you within 60 days of having received your notice of claim, or the relevant information and additional supporting documents that it requested you provide.

Dissatisfied with the compensation you received?

Insureds who feel that they have been unfairly treated in the claims settlement process have several options available to them to try and settle the dispute and obtain what they feel is appropriate compensation.

MAKE A WRITTEN COMPLAINT TO THE INSURER OR THE FIRM IN QUESTION



All insurers and claims adjustment firms must offer a complaint examination service; some even offer the services of an ombudsman. Making a written complaint to them is therefore the first step to take if you disagree or are dissatisfied with the amount of compensation offered in the wake of a loss.



TRANSFER THE FILE TO THE AUTORITÉ DES MARCHÉS FINANCIERS



If an insured is dissatisfied with how the insurer handled his complaint, he can request that **his file be transferred** to the Authority. After analyzing the file, the Autorité des marchés financiers may offer dispute resolution services, depending on the situation.



CIVIL COURT



Ultimately, insureds who feel that they have been unfairly treated in the claims settlement process, and in particular, those seeking higher compensation, may consult a lawyer to find out about seeking recourse in civil court.

Dissatisfied with your professional's service?

Any claimant who is concerned about the quality of service or the behaviour of a damage insurance professional (agent, broker or claims adjuster) may make a complaint to the Syndic's Office of the Chambre de l'assurance de dommages. For details, see page 13.

REQUIRED DOCUMENTS

Here is a list of the main documents required to settle a claim. The claims adjuster or the service providers (disaster restoration professionals or contractors) may ask you to sign some of them. Make sure to get a copy!

INSURANCE CONTRACT OR INSURANCE POLICY

The insurance contract between you and the insurer explains all your rights and obligations, in particular regarding coverage, exclusions and limitations. It is the final word on how much coverage you actually have.

CONSENT WITH RESPECT TO PERSONAL INFORMATION

The claims adjuster will ask you to sign a consent form for the collection and communication of personal information. This consent form must comply with the *Act respecting the protection of personal information in the private sector*. By signing it, you authorize the insurer or your claims adjuster to, if necessary, collect personal information from third parties, as well as to communicate this information to other persons for the purposes of investigating and processing your claim. The ChAD recommends adjusters use the model form available at chad.ca.

NOTICE OF CLAIM

The claims adjuster will take your statement (and possibly the statement of any other person insured under your contract) regarding the circumstances surrounding the loss. It can be taken over the phone or on paper, in which case the adjuster may ask you to sign it. The claims adjuster will provide you with a copy upon request.

RESERVATION OF RIGHTS LETTER

If the claims adjuster's investigation raises certain doubts regarding the admissibility of the claim and the insurer wishes to carry out a more in-depth investigation, the claims adjuster will give you a reservation of rights letter. This document explains the insurer's right to refuse the claim or to cite exclusions in the insurance contract.

NON-WAIVER AGREEMENT

Unlike the reservation of rights letter, the non-waiver agreement requires the insured's signature. By signing this document, the insured declares that he has been informed of the insurer's position. He thus acknowledges the possibility that the insurer may cite exclusions or refuse compensation, even if it continues to proceed with the investigation. The insured is not required to sign a non-waiver agreement. In this case, he will be sent a reservation of rights letter.

CONTRACT FOR CLAIMS ADJUSTERS MANDATED BY THE INSURED

The claims adjuster mandated by a claimant must provide you with a **written contract** stipulating that he will represent you in discussions and negotiations with the insurer and the claims adjuster mandated by the insurer who has been assigned to your file. Although the content and format of the contract of the claims adjuster mandated by the insured is at the adjuster's discretion, he is obliged to offer two payment options: a percentage or an hourly rate. The ChAD recommends adjusters use its model contract, which is available at chad.ca.

ASSIGNMENT OF CLAIM

This document allows the insurer to pay the service provider directly. Please see the dictionary of terms on page 12 and the text box on page 8.

PERSONAL PROPERTY INVENTORY

In order for the claims adjuster to do his work (investigate, estimate and negotiate), he must have an inventory of your personal property that was either damaged, destroyed or stolen. The faster he gets it, the faster your claim will be processed. It is up to you to prepare it and ensure that it is complete, though the claims adjuster can certainly help you to do so. Read the section entitled "The claims settlement process – Estimating the damages" on page 7.



QUOTE/ESTIMATE FOR RENOVATIONS

Carefully read the quote for renovations that the contractor or appraiser has prepared before you approve the work he plans to do and the materials chosen (which must be of the same nature and quality as before the loss). **You can ask that the quote include an estimate of costs.**

CLAIM (OR PROOF OF LOSS)

Once the claims settlement has been negotiated, the claims adjuster may, in certain cases, have you sign a **claim**, which indicates the amount paid by the insurer in accordance with the coverage provided for in your contract. This document is usually given to you at the end of the claim process and summarizes the agreement as a whole.

STATEMENT OF SATISFACTION

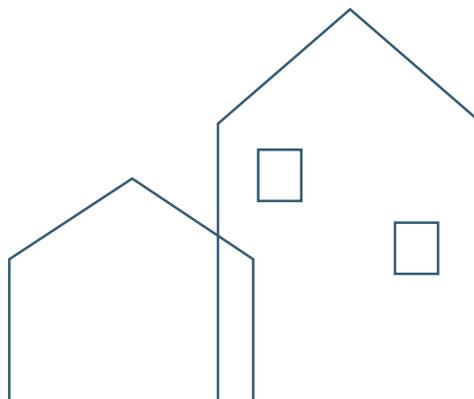
Once the work is completed, the contractor or insurer may ask you to sign a document confirming that you are satisfied with the work done. If you are not satisfied, do not sign the document.



Important

Before signing a document, do not hesitate to ask questions. The person who is asking for your signature must be able to justify the request and clearly explain it to you. Certain explanations are not acceptable, for instance: "You must sign the document, otherwise we won't do the work," or "You must sign the document, otherwise your claim will not go through." You also have the right to receive a copy of all the documents you have signed that are related to your claim.

You have the right to a copy of all the documents you have signed.



A Dictionary of Terms

Additional living expenses: Your housing expenses while the work is going on if your house is uninhabitable. Additional living expenses also cover extra expenses you would not have incurred if you had not suffered a loss (compared to your usual expenses), in particular, expenses for your food or travel during the renovations. Keep your receipts.

Assignment of claim: A document that you sign authorizing the insurer to pay the service provider (disaster restoration professional, contractor, etc.) directly for the work that he carries out at your home. Be aware that you have no obligation to sign this document. Carefully read our advice on page 8.

Compensation: The amount you will receive in the event of a loss to repair or replace your damaged property (buildings and personal property) and the amount for additional living expenses.

Deductible: The amount you must pay in the event of a loss.

Did you know that?

If a third party is liable for damages you suffered, you can claim reimbursement from this party for both your deductible and damages that your insurer did not reimburse. Certain limitation periods exist for taking legal action. Be careful! Ask your claims adjuster for more information and consult a lawyer, if necessary. A [model letter](#) is available at [chad.ca](#).

Depreciated value or Actual cash value: Replacement or reimbursement of damaged property at its value on the day the loss occurred, taking into account use and wear and tear.

Endorsement or Rider: A supplementary clause added to your contract, which changes your coverage, for example, *water damage endorsements*.

Exclusion: Any event, loss or situation that is not covered under your home insurance contract, for example: floods and landslides. Exclusions are stated in your insurance contract.

Limitation: The maximum amount, indicated in the contract, that your insurer will pay to you for property or a category of property in the event of a loss. Generally, there are limitations on jewelry, furs, software, CDs, DVDs, bicycles, animals, artwork, cash, etc.

Replacement value: Replacement or reimbursement of damaged property for the amount it would cost to buy it new, without any deduction for depreciation due to age.

Notice of claim: This is the statement you make to the insurer or its claims adjuster to notify them that you have suffered a loss. In it, you explain the circumstances, to the best of your knowledge. It is sometimes written, and may be followed by additional statements.

Personal property inventory: This is the list of property that forms the basis for your claim for contents.

Policy: The insurance contract between you and the insurer.

THE CHAMBRE DE L'ASSURANCE DE DOMMAGES AT YOUR SERVICE

One mission: To protect the public

The mission of the Chambre de l'assurance de dommages (ChAD) is to ensure the protection of the public in matters related to damage insurance and claims adjustment. It oversees the compulsory professional development of over 14,500 damage insurance agents and brokers, as well as claims adjusters; and provides preventive oversight and enforces discipline on individuals working in these fields.

➤ Why make a complaint to the ChAD?

Any consumer who is concerned about the quality of service or the behaviour of a damage insurance professional may make a complaint to the Syndic's Office of the ChAD, for instance, when there is an issue with the claims settlement process. The Syndic's Office will investigate the representative in order to determine whether the acts he performed comply with the rules and legislation that govern his professional practice, in other words, his Code of ethics and the *Act respecting the distribution of financial products and services*.

Examples of situations where a consumer could make a complaint related to the settlement of a claim:

- if he believes he was poorly advised or poorly informed;
- if a professional did not carry out the mandate entrusted to him—or if he did not carry out his mandate in a timely manner, and thus harmed the consumer;

- if the claims adjuster no longer calls him back;
- if he is concerned about the quality of the claims adjuster's services or those of the service provider the adjuster mandated.

➤ How do I make a complaint?

Consumers may complain directly to the ChAD, either by letter or on the website at chad.ca. They may also contact the Complaint Examination and Assistance Service of the Autorité des marchés financiers, which forwards these complaints to the Syndic's Office of the ChAD.

Important

Filing a complaint with the Syndic's Office of the ChAD does not enable the consumer to recover money he feels he has been wrongly denied or to obtain higher compensation for his claim. To do so, the ChAD recommends you read the text box on page 9, and suggests you consult a lawyer to find out about seeking recourse in civil court, if necessary. The Autorité des marchés financiers also offers dispute resolution services, depending on the situation. Review the options.





Download the electronic version of the *Claimant's Handbook* at chad.ca/claimantshandbook



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