

Lessons Learned from a Total Loss House Fire

What to do	Why	Observations
Read that homeowner's policy they send you that you have never actually read before.	99.9% of people never read it and assume a lot of things based on the stuff their agent has told them or the assumption that it is a big company so of course it must be a good policy.	We were utterly ignorant about what our policy actually covered, how it all worked, and what was going to happen to us once we faced a total loss.
Keep copies of your important documents, policies, and documentation on your home "contents" in a safe deposit box at the bank.	You will need it and it will have burnt up leaving you empty handed to face the insurance company if you don't have it	Pictures, lists, a room by room diagram that describes contents, receipts for major purchases or the credit card statements or bank statements that document the purchase and when it was purchased. Depending on the extent of your damage and the policy of your insurance company for how claims must be documented the need for detail on this may vary, but it is valuable in any circumstance.
Find a secure location away from your home to keep the second key to your safe deposit box	Your key will burn up, you need to a key to get in without going through the expense and time of the bank's lost key process	Leave it with a relative or friend; keep it at your office in a secure location. Just some place secure that you can access it easily, but it would not get damaged in the fire.
Keep interior and exterior pictures of your home and the original blueprints & floor plan if possible in your lock box.	You are going to have to go back and forth with your insurance company about what your house was, what you actually lost, and what it would actually cost to rebuild it. They have some documentation that they generated, some pictures, etc. but they are not going to share them with you.	Were it not for my engineering background I might have struggled (on my own) to re-create the floor plan drawings of our house necessary to adequately document the square footage, wall, floor, and counter finishes, exterior finishes & materials, built in cabinets, etc. etc. that I needed to win the arguments over what the value of our structural loss actually was. A set of blueprints and photo's that I did not have would have made short work of all of that.

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Spend a few bucks, get an attorney early in the process of dealing with the insurance company if there is any indication that the company is going to deny your claim or any part of it.	Having a personal attorney who will read your policy and at least give you some advice about dealing with the adjusters is worth a few hundred bucks and can save you a lot more than it costs. You may be able to resolve your issues with the state insurance commission/department, but maybe not. If not, filing a lawsuit (or starting arbitration if dictated by the policy and state laws) will probably become your only option.	This is adversarial process no matter how hard your insurance company works to make you feel warm and fuzzy about them. They are committed to paying out the lowest dollar they can. You have to be a tough negotiator and understand what they actually owe you. If it comes to blows (you have to sue them) you will need an attorney who knows the case anyway. This may not apply to a renter or someone who has a low dollar contents policy, but if you are going to build a new home and we are talking about hundreds of thousands of dollars, then it will be much more important.
Get to know your state's regulations for insurance claims and the rules your state's insurance commission/department has dictated to the companies it licenses to do business in your state.	Many times the insurance companies are much more afraid of the insurance commission/department than they are of your lawyers. They have to operate within the state's guidelines to keep their license in your state. The commission can fine them, and the complaints may be public record, i.e. bad publicity.	When my adjuster discovered I could quote rule and section of the state insurance commission's regulations regarding settlement of casualty claims it was like I had just waved the cross in front of Dracula. Nothing got his attention so fast. They may know they are going to allow your claim eventually and it is in their interest to delay. You don't have much of a case if they don't deny your claim outright, but they are very concerned about the impact of official complaints to the insurance regulator if they have indeed bent the rules or stepped over any mandated timelines.

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Pack a suitcase (a cheap thrift store version or canvas tote bag version will do) for every member of your family with 2-3 days of clothing and keep it at a relative or friend's house, in the attic or basement or wherever. Just off site.	You will have the clothing on your back, which may be nothing more than your pajama's immediately after the fire. It may seem like a small comfort to have a couple of days of your own clothes to put on in the aftermath, but it will be a huge psychological help. Trust me on this. You are going to be buying new clothes immediately because yours are destroyed or damaged beyond usefulness. You have to have something to at least wear to the store.	My wife and I (we both traveled a lot for work) had left our fully packed bags from the previous week's travel in the trunk of our cars Friday night before our fire, and not taken them in the house. Were it not for that I would have had nothing but gym trunks and a T-shirt the morning after our fire and she would have been in about the same position.
Back up your computer files either with an on line backup service or get a portable hard disk and run backups that you keep off site in your safe deposit box or some other place.	The obvious reasons. I am still shocked at the number of people who don't bother with computer backups.	While the on line backup services are certainly the best protection, having a portable hard drive with your documents that you can immediately plug into somebody else's computer is also a nice thing to have.
Quit dinking around with that tiny safe deposit box at the bank and get the full file cabinet sized unit, fill it up with irreplaceable stuff.	The cost difference between the tiny safe deposit boxes at most banks and the full filing cabinet size boxes is trivial, usually less than \$100/year.	We had the tiny one with a few very valuable documents and keepsakes in it. I will never be able to tell you how much we wish we had the full size and had filled it with stuff that was valuable or sentimental to us (but rarely used). Needless to say we have a full size unit now with a lot more stuff and it gets visited about once per quarter. We have a small drawer in the new house that is designated at the "lockbox drawer" and it gets cleaned out and put into the box at least once per quarter...

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Make your own checklist and think about this potential disaster and prepare accordingly.	There are things that you will never think about until this hits you, and then you will be in a state of distress and shock. It is a lousy time to be preparing a checklist of what you need to do. Better to put yourself in the position of executing a checklist of what you need to do that composing one.	My wife's 20+ year career as part of a USAF flight crew reinforces the need for a "checklist" to respond to any disaster or event as something that has value. We began to compose our "checklist" the day after the fire and it served us well through the process, but it would have been so much easier and so much more effective to have one in place before it happened. We now have "checklist" pre-composed to guide us through any number of disasters in the future and they are well thought out from being composed in a calm and reflective time.
Have a plan to help yourself, your family, and your pets get into a less stressful environment as quickly as possible.	You will not be in good position to figure out the best options for short term housing, care of your surviving pets, or other immediate considerations. Best to have a plan and maybe a few alternatives thought out before it hits. You will make better decisions if you have a contingency plan to work for this issue, knowing where you want to live, where all the family is going to stay while a longer term plan is worked out.	We were fortunate in that we have a tiny guest house 200 yards from our house and we have a Veterinarian who was able to board all of our surviving pets the morning after the fire. But if we had been in the situation of having no place to go and no place to house our pets it could have been a mad scramble and much more stressful at the worst possible time. We did not have kids to get to school the next week or any of that. We were VERY LUCKY on this whole count, but only prepared by luck and our circumstances.

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Review your homeowner's coverage every year and get a real appraisal on your property every five years.	Most people ignore this, rock along for many years, and end up being underinsured without knowing it. The natural increase in valuation based on how the insurance company's formula works may or may not be realistic for your situation.	The face value of our policy left us underinsured by at least 30%, money we could never recover. It happened because we just let the policy naturally adjust as most do over a 17 year period. That was not enough and we paid the price. Our uninsured losses were well over \$200K when you added structure and contents, all because we were complacent about this issue like most people are.
Understand your specific policy limits and those categories.	The insurance companies slip in all sorts of limits on their liability that you probably don't know or are not spelled out in dollar values where you have noticed them. E.g. maybe a cap on oriental rugs, jewelry, currency (which includes coin collections) and certainly your firearms.	This accounted for well over \$50K of our uninsured property contents losses. Simple ignorance on our part. We would have purchased the special riders on some of these items to up the limits if we had known. Thankfully I had noticed this on firearms and purchased enough NRA Armscare to get me pretty close to whole again on that front.

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Get with your tax preparer on your casualty losses and make sure you get the maximum benefit. This needs to happen before you start filing for reimbursement.	You probably still lost more than you were insured for and can claim part of that as a huge tax deduction. However you could be taxed on the difference between the depreciated value and “replacement cost” you were paid both in the contents and structural part of the claim. If you don’t understand all of this, you better get the accountant on board for this tax year and get their advice early in the claims process so you don’t do something stupid that costs you money.	Because we could document casualty losses that were not covered by our insurance, our tax bill for the year of the fire was reduced significantly, by a five digit figure. We also had to make sure that we documented and were compensated for our contents losses based on the depreciated value of our contents first. If we had started with replacement value compensation before our policy limits ran out, we would have had a tax liability instead. Big potential swing there.
Understand the filing time limits of your insurance company’s claims process and plan your filing schedule.	Companies have different limits on how long you have to document your claim. You need to be very aware of this and have a plan to meet the deadlines, and make the best use of the extra time you may have.	We made our final claim filing the day before our deadline, which was two years from the date of the filing. If you have not exceeded your policy limits already, there may be things you remember months or even years after you have made your official filing. Have a plan, meet the deadlines, give yourself some margin of error for your memory of stuff. You will have months after the fire where you begin to remember stuff or mentally reached for stuff that may have been destroyed but you did not immediately remember.

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Go pay some teenager or get a family member who has time on their hands to go scan every non-digital photo or document you own or treasure and put it all on some CD's and then put those in your lockbox and back them up on your portable hard drive or online backup service.	Photo's burn and many can never be recovered. This can be done for a cheap price.	Especially for people our age, we did not use digital photography before the late 90's, and every hardcopy photo, yearbook, etc is gone forever because we didn't bother with this. I would gladly pay a few thousand bucks now to have them back and I could have had them all scanned and backed up for a tiny fraction of that cost if we had bothered.
Keep copies of the contents of your wallets in your lockbox. Have a copy of your birth certificate, military discharge papers, social security card, passport, etc. in your lockbox.	You may or may not get out of the house with your wallet.	We did have copies of some of these documents in the lockbox and they were invaluable in the process of rebuilding our personal documents and ID stuff.
Keep a spare or duplicate credit card and some cash in your lockbox or another off site location you trust.	It may take several days for the credit card companies to actually get a new card to you, in your hands and this could be complicated by the fact your mail receptacle is gone. Having some cash and a credit card in your lockbox (assuming you have the key stored off site to give you access) gives you immediate purchasing power which you need the day of the fire.	I had a small hidden pouch in my briefcase (which was in my car) that always has another American Express Card and a couple of hundred dollars cash. It is there to provision me in case I am traveling and my wallet was lost. (see that old Soprano's episode about Tony's dream if you don't understand how this could be a huge problem). That was all we had to work with for the first two days after the fire and it made a huge difference.

What to do	Why	Observations
Get prepared to spend hundreds of hours documenting your claim over the time frame you plan for filing it. Nights, weekends, days away from work to get it all done.	You will likely end up spending several hundred hours on this project. You will generate thousands of pages to document your contents claim. That is even if you have lists and pictures. It all has to get on the insurance company's forms along with documented replacement costs.	I had no idea how much it would take to finish this claim. The insurance companies have structured this process in a way that is likely to make many people give up, get discouraged, get tired, etc. and not document or file their full claim. I kid you not (and I filed out personal time sheets for my wife and I) we spent over 700 hours and generated over 8000 pages of documentation over a two year period to get this finished. We documented over 3000 items and we had to supply back up documentation for the replacement cost of each item.
Understand PTSD and be prepared for it to hit you and your family. Don't be embarrassed about going for some sort of stress counseling, you may really need it.	You have been through a traumatic event in which you were reduced to a state of helplessness for some period of time. Don't be surprised when you and your family members begin to experience post traumatic stress disorder at some level. Understanding it, how it manifests itself, and how to cope with it is one of the best preventative measures you could take.	We were fortunate in that my wife received extensive training about recognizing and treating PTSD as part of her profession as a USAF nurse. It definitely hit us hard in the weeks immediately after the fire. I can remember a number of instances and triggers that threw both of us into mild and brief panic attacks for nearly a month after the fire. Understanding what was happening to us and knowing it was a part of the process was invaluable, as well as some of the therapies my wife was familiar with. Someone else might have suffered more from these "crack up" episodes if they had not understood the what and why about them.

