

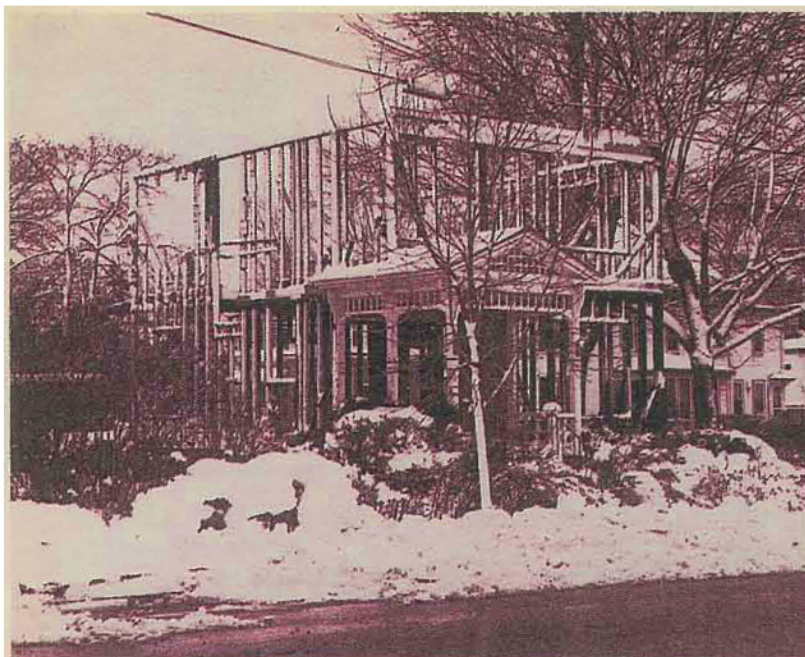
The Boston Globe

YOUR HOME

SPECIAL SECTION

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Gentlemen's Quarters



Double Negative

A devastating fire and an insurance nightmare give rise to a renewed Victorian

by BRUCE MOHL

Left, only the front porch was recognizable after the fire. Right, the new house picks up on the details of the original structure; the rear porch affords a private outside entry for both tenant and homeowners.

Cindy Collen-Holt raced home from work on a hot and humid July morning to find smoke billowing out of the roof of her Arlington home. Firemen were trying to save it but she could see they were fighting a losing battle.

Standing there in shock as police roped off the street and water hoses snaked around her feet, Collen-Holt recalled that the night before, she and her husband had been toasting the end of

nearly two years of work on their two-family house.

Now all their hard work was at risk. They had home insurance – and they had been told it was adequate – but they had never paid much attention to it before. What they learned over the next 10 months was that negotiating a claim with an insurance company is no easy task and that being prepared for such an unexpected catastrophe can make it far less painful.

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Bruce Mohl is the Globe's consumer reporter.

photographs by JOHN HORNER

DOUBLE NEGATIVE

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“It was a tremendous amount of stress and a lot of battling,” says Collen-Holt. “It was a pretty brutal process.”

As she watched the flames engulf her house, several men, who identified themselves as public adjusters, approached her. She had never heard of public adjusters but, like vultures, they had swooped down on the scene to urge her to hire them to battle with her insurance carrier.

“It’s traumatic enough to lose your house,” she says, “but to have people in your face saying, ‘Sign this,’ is really unpleasant.”

As she looks back on the situation four years ago, she says it seemed strange to have to hire someone to pursue a claim on an insurance policy on which she

had dutifully paid premiums. Her husband, Gregory, also thought it odd, but he thinks it was a wise move. Just as insurance carriers hire adjusters to represent their interests in the claims process, Holt says, public adjusters do the same thing for homeowners.

Loosely licensed by the state, public adjusters help homeowners arrange to have windows boarded up, telephone lines rerouted and heating systems secured. But their primary job is to prepare a damage claim and negotiate a settlement with the insurer. Their fee is negotiable, but capped at 10 percent of the settlement.

After getting recommendations from friends and associates, the Holts hired Bruce Swerling of Swerling Milton Pinnick Public Adjusters Inc. in Boston and negotiated a 5

percent fee.

Swerling and his staff detailed the cost of rebuilding and restoring the contents on a room-by-room basis. They were also able to marshal enough facts to convince the insurance carrier, Commerce Insurance of Webster, that the structure was nearly a total loss.

Peter Seltser, president of the Massachusetts Association of Public Insurance Adjusters, says adjusters have become a necessity on all but the smallest claims because insurers do such a poor job of responding to their customers in times of crisis.

"In the past, insurance companies have placed too much emphasis on the selling of insurance and not on the proper handling of a loss adjustment," he says.

Many companies are trying to change that image. CNA Insurance Cos., for

example, has set up a 24-hour claim reporting service that will link clients to companies that can board up windows, take care of water damage and provide damage estimates. The goal is to speed up the claims process and make it less adversarial.

Yet, as the Holts discovered, negotiations tend to bog down when big money is involved. As months went by, progress was slow and neighbors began to complain about the appearance of their burned-out house. Town officials threatened to fine them.

Part of the delay was caused by Hurricane Andrew, which drew Swerling and just about every other adjuster to Florida. But the parties were also far apart on the extent of the damage and whether the services of an architect were necessary to rebuild.

In the end, the Holts

got nearly all the money they needed. But there were many anxious moments. The Holts often wondered whether they had enough coverage. When they bought their home in 1990, they bought \$199,000 of insurance, the amount required by their bank to cover the balance of the mortgage.

Debbie McPhee, a vice president at the Suburban Insurance agency in Holliston, says one of the most confusing aspects of buying home insurance is determining the proper level of coverage. She says most people fixate on the market value of their home, rather than replacement value. A house in Newton, for example, costs a lot more to buy than an identical house in Chelsea, although theoretically both homes would cost the same to build.

All too often agents and their clients settle on cover-

age amounts without reviewing the house closely or taking note of major improvements. Many agents ask a series of questions and feed the answers into a computer program that determines the proper amount of coverage. The programs are fairly reliable, but generic in nature.

Andrew Carpentier, CNA's senior vice president and chief operating officer for New England, recommends that anyone owning a home worth more than \$200,000 have it personally inspected. He says attention should be paid to unusual features like leaded glass, special wood and whether the house is in a historic district.

The Holts now favor buying a rider for guaranteed replacement coverage, meaning the insurer agrees to restore the house and its contents to its former condition no matter what it

costs. Without such coverage, insurers pay only actual cash value, usually the cost of repairs minus the cost of wear and tear, or depreciation.

In buying home insurance, it's best to shop around and, because the market is very competitive, ask questions. Find out whether your policy will cover the theft of a laptop computer at home or while traveling. Many policies offer only limited coverage on such big-ticket items.

Gregory Holt says he would advise making a videotape or taking pictures of each room and its contents to help you prove what you own. Store the film along with your house deed in a safe deposit box.

"You never anticipate a catastrophic loss like we had," Holt says. "But if you've anticipated it, it will be a big leg up if, God forbid, it ever happens." ▲