

Basic Guide to the Reconstruction Process

As a public insurance adjuster, our goal is to help you fairly recover funds from your insurance company so that you can repair your damaged property. After your claim is settled, you will receive funds to reconstruct your property using the contractor of your choice. In our experience, hiring a qualified contractor is key and will best ensure a successful repair project.

However, even with the most meticulously planned projects, unforeseen changes and surprises are commonplace, if not inevitable. Whether it's delays caused by weather, challenges with materials and construction crews, or unexpected requirements from your local building official, you can expect the unexpected. Some clients embrace these changes as opportunities to adapt and improve, while others find the uncertainties overwhelming and frustrating. The key to a smoother experience is patience and remaining willing to have ongoing communication with your contractor and our office if there are additional funds or expenses for which the insurance company is responsible.

#1: Work with the Right Professionals. Choosing the right construction professionals is the single most critical step to ensuring a successful outcome for your repair project. Take the time to thoroughly vet the contractors you're considering. Don't just rely on the list of references they provide. Some suggestions include:

- Research their reputation and any needed licensure requirements on state specific website such as the Department of Commerce.
- Reach out to references and ask detailed questions about their experiences, satisfaction with the work, and how issues were handled and problems ultimately resolved.
- Perform Google searches using terms like "<contractor name> problems," "<contractor name> lawsuit," or "<contractor name> lien" to uncover any red flags.
- Check with the [Better Business Bureau](#) to get a report on the contractors you are considering. If he/she is not a member, ask why not.

While this is not an exhaustive list, taking these types of steps upfront can reveal important information so that you can make good decisions on hiring the right contractor.

#2: Have A Written Repair Contract

1. Get a Detailed Contract with a Total Cost

It is important to have the scope, cost, and timing of your repair project memorialized in a contract. Verbal agreements can easily result in misunderstandings, disputes later down the road when issues come up on the project, and even stalemates that lead to the project being abandoned or fights over how much is owed to the contractor as well as any subcontractors or materials suppliers. If there changes needed during the course of the project, again be sure to get any changes in writing by way of a "Change Order" with the cost clearly identified.

2. Avoid Open-Ended "Cost-Plus" Agreements

If the full scope and cost of your project cannot be determined upfront, consider contracting in phases. If you must agree to a "cost-plus" arrangement, clearly define what qualifies as project costs and what is included in the contractor's fee.

3. Read the Contract

Contractors often use agreements on a pre-printed form. Be sure to read it and that you understand that the contract says. If you are unsure, you may want to consult with legal counsel of your choosing.

4. Verify Liability Insurance Coverage

Confirm that the contractor has comprehensive general liability insurance by obtaining a certificate of insurance (also referred to as a COI) and have the contractor name you as an additional insured on the policy.

5. Obtain a Builder's Risk Policy

Protect your investment with a Builder's Risk policy, which covers property loss (e.g., fire) during construction. This policy should be purchased by you, the owner, to ensure full control and appropriate coverage. Discuss this with your insurance agent.

6. Set a Completion Timeline

Agree on a firm project completion date and include language in the contract on what will occur if there are delays. These damages typically account for expenses such as alternative living arrangements, construction loan interest, and property taxes.

7. Address Termination Terms Clearly

Make sure you that any termination conditions are clearly identified in the contract. Understanding how to dissolve the agreement fairly and without a prolonged battle is critical. Remember, contracts are much easier to enter than to exit.

#3: Address Problems that Arise. When problems arise on your repair project, it is critical that they are addressed calmly, quickly, and cooperatively. Very rarely is a reconstruction project free of any issues, problems, delays, or changes. This is common. Do not get frustrated. Instead, be willing to communicate, remain calm and work cooperatively with your contractor to devise a workable solution.

Conclusion

Finally rebuilding your home or business after a loss is an exciting and rewarding process. By selecting the contractor that is right for your project, understanding the written repair contract, and handling changes with clarity and flexibility, you can navigate challenges confidently and achieve a successful outcome.