

1-800-927-4357

www.insurance.ca.gov



DON'T GET BURNED

After a Disaster



Dave Jones, Insurance Commissioner
California Department of Insurance



Dave Jones
Insurance Commissioner

Dear California Consumer:

The California Department of Insurance (CDI) is the nation's leading consumer protection agency and your best resource for honest and impartial answers to insurance questions.

We have knowledgeable insurance professionals staffing our consumer hotline. My staff is available to help you get answers to insurance related questions, file a request for assistance, or report suspected insurance fraud.

Call 800-927-HELP (4357) or visit www.insurance.ca.gov to view all of our consumer information guides and insurance resources. These tools are available to consumers for free.

Thank you for giving us the opportunity to serve you.

Sincerely,

A handwritten signature in cursive script that reads "Dave Jones".

Dave Jones
California Insurance Commissioner





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Don't Get Burned by a Scam Artist

A disaster leaves more than torn shingles and uprooted lives in its wake. The winds also can blow in armies of fly-by-night contractors and door-to-door scam artists eager to capitalize on the misfortunes of innocent people.

After a loss has occurred, you will be facing many problems you probably have not confronted before. It may be helpful to keep the following in mind:

- Contact your insurance company immediately to report your loss. Follow the instructions given to you by claims personnel. Ask questions if you do not understand your adjuster's instructions. Since there may be a lot of people needing help at the same time, anything you have done before the disaster to prepare for a loss will be to your benefit now. From the beginning, keep copies of your documents and a log of the names of the people you speak with along with dates, times, and a summary of the pertinent points of each conversation.
- Act prudently to prevent further loss to your property. Insurance policies may not cover ensuing damage to your property if you have not taken reasonable steps to protect against subsequent property damage.
- Take pictures documenting damages.
- Do not rush into repairs or rebuilding without first considering all your alternatives. Before choosing a contractor, make sure the contractor is licensed by contacting the Contractors State License Board (CSLB) in your area. Call the CSLB toll free at 1-800-321- 2752 to check a contractor's license or get further information on home and property repairs, or log onto the internet and access their web site at www.cslb.ca.gov for further information.

- Try to settle your claim directly with your insurance company before hiring a public adjuster or an attorney. Your insurer provides an adjuster at no charge to you. Ask your insurance agent or company representative to help you with your claim, and don't be afraid to ask questions. If you decide to work directly with your insurer, you still have the right to hire a third-party professional (public adjuster or lawyer) to help you.
- If you hire a public adjuster to help you with a claim, be certain that the adjuster is licensed. Call the California Department of Insurance (CDI) for licensing verification and for other information about public adjusters. Call the State, County or other local bar association for information about a prospective attorney. Public adjusters and lawyers will usually require a percentage of the claim settlement for their services. It is important that you understand what services are being provided and the fees that will be charged by both adjusters and lawyers. Ask your friends, relatives, or business associates for the names of well-regarded professionals in your community.
- Do not call anyone to repair or replace your loss without first getting instructions from your adjuster, since your insurer's visual inspection of your loss may be necessary before repairs begin. Do not throw away damaged property until your adjuster advises you it is all right to do so.



Check Them Out

Public awareness and education are the keys to helping those affected by disasters to identify and avoid future problems.

Deal only with licensed contractors. Ask to see the contractor's "pocket license," together with other identification. If the person claims to be representing a contractor, but cannot show you a contractor's license or home improvement salesperson registration card, call the contractor and find out if the person is authorized to act on the contractor's behalf.

Get the contractor's license number and call the CSLB's toll-free automated telephone number at 1-800-321-2752 to verify that the license is valid, or log onto the internet and access their website at www.cslb.ca.gov for the information.

Public Adjusters

Public Adjusters are licensed by the California Department of Insurance. To verify a Public Adjuster's license call the California Department of Insurance at:

License Bureau: 1-800-967-9331
916-322-3555

Consumer Hot line: 1-800-927-4357
Or
213-897-8921

T.D.D.: 1-800-482-4TDD

Website: www.insurance.ca.gov



Attorneys

California State Bar Complaint Responsibility

The State Bar investigates complaints involving possible misconduct by attorneys in the handling of a client's legal affairs. If warranted, the State Bar conducts hearings and may issue admonitions or reprovls to attorneys, and may recommend to the California Supreme Court the suspension or disbarment of lawyers found guilty of serious misconduct.

The State Bar also sets standards for lawyer-client fee arbitration programs operated by local bar associations and conducts arbitration in areas where no local programs exist.

California State Bar

Complaint Hot line: 1-800-843-9053

Main Office: 180 Howard Street
San Francisco, CA 94105-1639
415-538-2000

Branch Office: 845 S. Figueroa
Los Angeles, CA 90017 -2515
213-765-1000

Website: www.calbar.ca.gov



Hiring a Contractor

After a disaster, sales people often go from door-to-door canvassing neighborhoods to generate new business, offering their cleanup and repair services. While many of these people are honest and reputable, some are not. Below is a recommended list of steps to take, in order to protect yourself, as a homeowner from unscrupulous operators posing as legitimate contractors:

- Call the insurance adjuster assigned to your property damage claim and ask the adjuster to make an estimate of the damage and the probable cost to repair. This will provide you with a benchmark estimate prepared by a professional that you can use when negotiating with contractors.
- Check all references when considering a contractor, especially if the contractor comes to your door and offers to do repairs. Inquire about the contractor's professional reputation by talking with banks, building material suppliers, the contractor's previous customers, the Homebuilder's Association, and the Better Business Bureau. Also, be sure to use only reliable, licensed contractors. Contact the CSLB to verify all licenses.
- Don't be rushed into signing a contract with a contractor. It is a good practice to collect many business cards, interview several contractors, and request multiple bids for comparison. Make sure to read the fine print on all estimates and contracts.
- Beware of building contractors that encourage you to spend a lot of money on temporary repairs. While payments for reasonable temporary repairs are covered as part of the total insurance claim settlement, you don't want to pay a contractor too large a sum for temporary repairs, since this may deplete the total amount of money you will need for the permanent repairs to be completed.

- Hire local licensed contractors when possible, as it is easier to deal with a local contractor if problems develop. However, since it may not always be possible to deal with local contractors in a disaster situation where local contractors are swamped with repair business, make sure to thoroughly check references as discussed above.
- Get everything the contractor discusses in writing. Make sure that the contract is well written. If the contractor provides guarantees, they should be written into the contract clearly stating what is guaranteed, who is responsible for the guarantee, and how long the guarantee is valid. Also, if changes or modifications occur in the contract terms, they should be acknowledged by all parties in writing.
- Never sign a contract with blank spaces that have not been filled in. Unscrupulous contractors may fill in the blanks later with unacceptable terms.
- Consider having a lawyer review the proposed contract for your protection before you sign if substantial costs are involved.
- Never pay a contractor for the entire project in advance or before the work is completed. California law requires that the amount of the down payment for any one improvement project, other than for construction of a swimming pool, may not exceed \$1,000.00 or 10% of the contract price, excluding finance charges, whichever is less. It is a good idea to pay by check instead of cash because you can retain your cashed check as a receipt.
- Be especially suspicious of door-to-door sales people who make unrealistically low estimates, refuse to leave a contract overnight, or try to sell their services by playing on your emotions.
- Remember that federal law requires a three-day “cooling off” period for unsolicited door-to-door sales of more than \$25.00.

- If you decide to cancel a signed contract, it should be cancelled within three business days of signing. Be sure to follow the agreement stated in the cancellation clause of the contract. Written notification should be sent by registered mail so you have proof of canceling the contract.
- Ask the contractor if he/she carries general liability and workers compensation insurance. Request a certificate of insurance (COI) from the contractor you choose that shows the name of the insurance company, policy number, and policy limits the contractor carries. You may contact the insurance company directly to verify information on the COI. Do not do business with a contractor who does not carry the appropriate insurance coverage. If the contractor is not insured, you may be liable for accidents that occur on your property.
- Keep a job file containing all papers related to work being done. This file should include the signed contract and any change orders, plans and specifications, bills and invoices, canceled checks, certificates of insurance, lien releases from subcontractors and material suppliers, a record sheet on each contractor listing the work performed, the estimated length of the job, and any letters, notes, or correspondence of any kind with the contractor.
- If excavation work is being performed, such as sewers or basement walls, make sure a building inspector or observer inspects the work before it is hidden from view. An independent assessment may help avoid similar problems from occurring in the future by identifying problems now, allowing needed modifications to be made before construction continues.
- Unfortunately, delays happen in construction projects. Although you may clearly understand the terms of your contract, the contractor may experience circumstances (such as weather) that prevent the construction work from remaining on schedule. This is just a normal part of a construction project.

Important Points to Remember About Property Repair Fraud

Fraud having to do with property repair usually involves unethical or incompetent building contractors. Consumers should be aware of the following red flags when getting quotes from building contractors:

- The contractor does not maintain a local work office and/or does not have a local telephone number.
- The contractor is not able or willing to provide references.
- The contractor's place of contact is a hotel, tavern, work truck, or another place that is not his/her place of employment or residence.
- The contractor handles all business in person, avoiding the use of the mail.
- The contractor wants a full cash payment up-front.
- The contractor does not have adequate equipment to perform the job.
- The contractor arrives at a loss site (home or business) without being solicited.
- The contractor's estimate is very general.
- The contractor does not have a contractor's license bond.
- The contractor is unwilling to provide a certificate of insurance from his/her general liability or workers compensation insurance carrier.
- The contractor's bid is far below the bids you have received from other contractors. The old adage "if it sounds too good to be true, then it probably is" applies here.

Other Resources

Contractors State License Board

The Contractors State License Board has publications that can help you identify and avoid problems before they occur. Some helpful brochure titles include:

“What You Should Know Before You Hire a Contractor”

...Provides information on hiring and doing business with contractors.

“A Consumer Guide to Home Improvement Contracts - Terms of Agreement”

...Information for homeowners about the requirements of home improvement contracts

For a free copy of these publications call the Contractors State License Board toll free at 1-800-321-2752, or log on to their website at www.cslb.ca.gov. Outside California 916-255-3900

Mailing Address: Contractors State License Board
P.O. Box 26000
Sacramento, CA 95826

Help Combat Insurance Fraud

The most common fraud that occurs in the aftermath of a disaster generally involves price gouging, offers of debris removal, and fraudulent charitable solicitations. Because property loss from a disaster can be so traumatic, victims of disaster can become easy targets for fraud. It is important to keep a sharp lookout for people who try to play on the emotions of those stricken by disaster.

Fraud Division Regional Offices

Suspected insurance fraud may also be reported in person at any one of the Fraud Division regional offices listed below.

Office	Address	Counties Served
<i>Benicia</i>	1100 Rose Drive, Suite 100 Benicia, CA 94510 (707) 751-2000	Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, San Francisco, Solano, and Sonoma
<i>Fresno</i>	1780 East Bullard, Suite 101 Fresno, CA 93710 (559) 440-5900	Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, San Luis Obispo, and Tulare
<i>Inland Empire</i>	9674 Archibald Avenue, Suite 100 Rancho Cucamonga, CA 91730 Phone: (909) 919-2200	Riverside and San Bernardino
<i>Orange</i>	333 South Anita Drive, Suite 450 Orange, CA 92868 Phone: (714) 712-7600	Orange
<i>Sacramento</i>	9342 Tech Center Drive, Suite 500 Sacramento, CA 95826 Phone: (916) 854-5700	Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Lassen, Modoc, Mono, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba
<i>San Diego</i>	10021 Willow Creek Road, Suite 100 San Diego, CA 92131 Phone: (858) 693-7100	Imperial and San Diego
<i>Silicon Valley</i>	18425 Technology Drive Morgan Hill, CA 95037 Phone: (408) 201-8800	Monterey, San Benito, San Mateo, Santa Clara, and Santa Cruz
<i>Southern Los Angeles County</i>	5999 East Slauson Avenue City of Commerce, CA 90040 Phone: (323) 278-5000	Southern Los Angeles County
<i>Valencia</i>	27200 Tourney Road, Suite 375 Valencia, CA 91355 Phone: (661) 253-7400	Northern Los Angeles County, Santa Barbara, and Ventura

California Department of Forestry and Fire Protection

The California Department of Forestry and Fire Protection is an emergency response and resource protection agency that provides educational materials and helpful tools to assist the people of California in safeguarding their homes and reducing the economical damage of fire.

The Department of Forestry provides the Homeowner's Checklist, a helpful fire safety tool for use inside and outside your home. The Homeowner's Checklist can be found on their website at: www.fire.ca.gov. Print it out and use it as a handy guide to check safety measures room by room; then head outside and make sure you have taken all possible precautions against wildfires. The homeowner's responsibility is important to fire safety whether it be outside or inside the home.



Resumen en Español

No se deje estafar después de un desastre

Este folleto proporciona información valiosa sobre los siguientes temas:

- No caiga en las garras de un estafador
- Averigüe y verifique
- Ajustadores Públicos
- Abogados
- Como contratar a un contratista
- Puntos importantes sobre el fraude en las reparaciones de la propiedad
- Otros recursos
- Ayude a combatir el fraude de seguros
- Oficinas regionales de la División de Fraude
- Departamento de California de Silvicultura y protección de Incendios

Este folleto está disponible en español en nuestro sitio web en insurance.ca.gov. Seleccione traduce español a la derecha de la pantalla. Seleccione la ficha al consumidor elegir los tipos de seguros, Seleccione guías de información, luego seleccione serie residencial.

Talk to the Department of Insurance

We are the state agency that regulates the insurance industry. We also work to protect the rights of insurance consumers.

Contact the California Department of Insurance (CDI):

- If you feel that an insurance agent, broker, or company has treated you unfairly.
- If you have questions or concerns about insurance.
- If you want to order CDI brochures.
- If you want to file a request for assistance against your agent, broker, or insurance company.
- If you are having difficulty opening a claim with your insurance company.
- To check the license of an agent, broker, or insurance company.



Call:

Consumer Hot line 1-800-927-4357

TDD 1-800-482-4833



Visit us on the Web at:

www.insurance.ca.gov



Write:

California Department of Insurance

300 South Spring St., South Tower, Los Angeles, CA 90013



Visit us in person:

300 South Spring St., South Tower, 9th Floor, Los Angeles, CA 90013

8:00 AM to 5:00 PM, Monday to Friday, except holidays

The California Department of Insurance

Consumer Education and Outreach Bureau

300 South Spring Street, South Tower, Los Angeles, CA 90013

1-800-927-4357

1-800-482-4833 (TDD)

1-877-401-9550 (CEOB)

www.insurance.ca.gov



This brochure is a project of the staff of the California Department of Insurance.

Form 407 / Don't Get Burned After a Disaster

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