

**Law Offices of
Patrick E. Catalano
A Professional Corporation**

What's Next? - Dealing with Insurance Claim Denials

Insurance companies sometimes refuse to pay claims submitted by its policyholders. When an insurance company does so, this is called "denying" the claim. A claim may be denied, for example, because the company has determined that the loss is not a type that is "covered" by the terms of the insurance policy or that the person who suffered the loss is not an "insured" for purposes of the policy or that a policyholder engaged in some type of misconduct which "voided" the coverage. Occasionally, a claim may be denied in error. In any event, due to the complexity of insurance policies, any resolution of coverage disputes often requires careful analysis of the unique facts and circumstances specific to the denial in light of applicable state law. Time is of the essence. All disputes have a specific period of time for which they must be addressed, either through the State Insurance Commission, or by legal means. If you think your claim has been improperly denied, find out which statutes or time frames apply to ensure that you preserve your rights and claims against your insurer.

Tips on what to do if your insurance claim is delayed or denied:

Tips for Delay

If your claim is unduly delayed, it is possible the insurance adjuster reviewing your claim has is missing information that they need to make a decision. There may also be times when the adjuster is undecided as to whether to pay the claim. In this instance, it is best to cooperate within reason with your insurer. You can provide the missing information which can turn a potential denial into an acceptance. Whenever you call your insurance company, make every effort to be helpful and not confrontational. Do not let them forget about you either! Telephone your insurer regularly -- every 2-3 weeks. Be polite, and be persistent. If you do not receive suitable responses or see any progress always ask for a supervisor or manager. Keep detailed notes identifying who you talked to, what you discussed, and make sure you find out what is to occur next. If you still are not seeing timely progress, contact an attorney who can negotiate on your behalf and/or take the necessary steps to put the insurer on notice of a potential bad faith claim lawsuit.

Tips for Denial

If your claim is denied, make sure you get the denial in writing and insist on a written explanation of the reasons for the denial. Take note of the reason(s) given in the insurance company's denial letter. Next, read your insurance policy carefully and check the reason for denial against your policy. Look for anything that does not add up or make sense. The denial may be due to an error based on a lack of complete information, an incorrect reading of your policy or misinformation. But it may also be a correct determination by the insurance company.

Document every phone call to your insurer by noting the date, time, name of person you spoke with and a detailed summary of the conversation. Follow-up with a letter by certified mail with return receipt to your insurance company memorializing that conversation and the issue you have with it. Ask for a written response within 2-3 weeks. Be aware that the insurance adjuster is likewise taking detailed notes about their conversation with you. Keep all your notes as well as all correspondence to and from your insurance company. Make sure that you maintain your files and records in an organized manner and keep them readily accessible in a convenient place.

If you still believe coverage has been wrongfully denied after reviewing your insurance company's reasons and after reading your policy, there are options available to you to remedy the situation. These options include:

1. Write your Insurer

Write your insurance company and politely explain to them where their mistake is and provide them with documentation to support your position. Quote your policy where necessary. Many claims come down to an interpretation of the policy, so a good case explaining why you believe your claim is valid may lead to reconsideration. If the insurance company realizes it has made a mistake, or you are correct in that the adjuster made an error, they will reopen your claim and move forward with their investigation. In all cases where you do not understand or agree with their reason for denial, ask for clarification.

2. Contact your Insurance Agent

Take the denial letter to your insurance agent and see whether he or she agrees with the insurance company's decision. If your insurance agent agrees with you or even if they do not, ask your insurance agent to contact the insurer on your behalf to obtain clarification for the denial or to attempt to persuade the insurer to reverse its decision. Your insurance agent oftentimes has more direct access to decision making supervisors than you.

3. Speak to a Supervisor

Call and insist that you speak with a supervisor about your claim to discuss the error.

4. Appeal the Decision

If the above steps do not provide an adequate resolution, appeal the insurer's decision to the State Insurance Commissioner.

5. Hire a Lawyer

Sometimes, you have no choice but to seek legal representation. When this is required, hire an insurance bad faith attorney to discuss the error with the insurance company. Insurance companies tend to sit up and take notice when lawyers are brought in. Once a lawyer or attorney is hired, the insurance company will be forced to communicate through your lawyer thus taking the burden off of you. Once you engage an attorney, you should

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not contact your insurer directly; all contact with your insurer should be through your attorney.

6. Suing your Insurance Company

If you cannot resolve the dispute amicably, you may be forced to sue the insurance company for bad faith, breach of contract, and/or violations of your state's insurance code. It is crucial that you obtain an attorney experienced in homeowner's insurance coverage litigation if you believe your insurance company is not handling your claim fairly.

Remember: You have certain rights under your policy and under state law. Your insurance company has a duty to fairly and promptly settle your homeowner's insurance claim in good faith. If your insurer does not do so, you must take steps to preserve your rights.

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