



TROY DOWNING

CSI

COMMISSIONER OF SECURITIES & INSURANCE  
OFFICE OF THE MONTANA STATE AUDITOR

# JULY 2024 HISTORIC MISSOULA STORM DISASTER

*“Consumer protection is our 1st priority. Our agency stands ready to offer all available resources to help property owners file claims, answer questions, and work with consumers and insurance companies.” —Commissioner Troy Downing*

## MY HOME WAS DAMAGED. WHAT IS THE DIFFERENCE BETWEEN THE “REPLACEMENT COST” AND THE “ACTUAL CASH VALUE”?

### REPLACEMENT COST COVERAGE

“Replacement cost coverage” pays to replace your home and belongings with materials of “like kind and quality” at current prices. Actual cash value (ACV) policies reimburse the depreciated value. A replacement cost policy will usually cost a little more.

Some companies may not offer replacement cost coverage. Your insurance company will pay for the ACV first but will not pay for replacement costs until the entire repair is complete. The difference between ACV and replacement cost is called “recoverable depreciation.”

## WHY DIDN'T MY INSURANCE COMPANY PAY THE FULL AMOUNT OF THE CONTRACTOR'S ESTIMATE?

### CONTRACTOR MATERIALS

One common reason insurance companies do not pay for the full cost of replacing damage has to do with the materials a contractor proposes in his or her bid. Your policy generally allows for “like kind and quality materials” on repairs or replacement of your damaged property. If your contractor prepares an estimate for a metal roof that will replace a shingled roof, the insurance company doesn't have to cover the difference in cost.

### INSURANCE POLICY

Your insurance policy is a contract and sometimes there is limited or no coverage at all for certain things. Your contractor may say you need an entirely new roof, and the insurance adjuster says it can be repaired instead of being replaced. The key to what triggers coverage is whether the damage is caused by a covered event or “peril.” Review your policy to make sure what “perils” are covered. Things like hail, wind, or fire are covered “perils.” If your contractor tells you need a new roof be sure to clarify why it needs to be replaced. Does it need replacement because of hail, or does it need to be replaced because it is a 30-year-old roof with significant “wear and tear”? If the reason for replacement is simply because it is old and in poor condition, your policy may not provide coverage because “wear and tear” is an exclusion under the policy.

## FILING A CLAIM & AVOIDING FRAUD

### TAKE PHOTOS AND VIDEOS OF THE DAMAGE

Before you begin to clean up and/or repair take photos of the damages including structural and personal property damage on the inside and outside of your home or car, before discarding items. Your adjuster will need evidence of the damage to prepare your claim.

### PREVENT FURTHER DAMAGE

- Cover broken windows and holes in roofs, place coverings over areas that could get water or wind damage, etc.
- Contact your insurance company and get the claims process started. Review your policy to understand your deductible, what is and isn't covered, and your responsibilities.
- Beware of high-pressure sales tactics, “storm chasers,” and unsolicited offers from contractors. Don't feel rushed to sign a repair contract. Get multiple bids and check references. Choose a contractor who will work with you and your insurance adjuster to assess the damage and the costs of repair.
- Verify that the contractor you're considering is registered to do business in Montana, has worker's compensation insurance, liability insurance, and is bonded.
- Always get written bids before authorizing any work to begin. Get a written contract and never pay in full for work before it's completed. Pay with a check or credit card (NEVER cash) and do not pay for work that has not yet been completed.

### AUTO DAMAGE

If you have comprehensive coverage on your auto, your auto damages may be covered. Contact your agent to file a claim. Remember, Montana law allows you to choose the repair shop of your choice—no insurer can force you to use a specific repair shop.

If you have questions or need help with a problem regarding your claim following a flood, contact our Policyholder Services Division at **406.444.2040** or visit **csimt.gov**.

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