



## Texas Department of Insurance

**Consumer Protection** – Mail Code 111-1A

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**CONSUMER ALERT**

# Repairing or Rebuilding Your Home after a Disaster

**One of the first things you'll have to do to begin putting the pieces back together after a disaster is hire a contractor to repair or rebuild your home.** Most licensed or registered contractors are honest and will stand by their work. Unfortunately, however, some unscrupulous people may try to use the confusion and high demand for building services in the wake of a disaster to con you. They may pose as legitimate contractors to engage in a variety of schemes. For instance, they may offer to clear debris, but then dump it illegally once they are paid, leaving you liable for the cleanup costs. Others may demand a large deposit in advance and then vanish without ever doing the work.

The Texas Department of Insurance (TDI) urges you to be careful when hiring contractors to repair, rebuild, or clean up your home or businesses. Here are some tips to help you protect yourself:

### **Step 1 – Find a reputable contractor**

- Use local contractors if possible. Look in your local phone book under “Contractors,” “Building Contractors,” “Home Repair and Maintenance,” or under headings for specialty contractors – “Electricians,” “Plumbers,” etc.
- Ask your family, friends, or neighbors for the names of contractors they’ve used and were happy with.
- Use only licensed or registered contractors. In Texas, specialty contractors (plumbers, electricians, etc.) must be licensed to legally do business in the state. Although there are some exemptions, most homebuilders and remodelers must be registered.
  - To verify an electrician’s or other specialty contractor’s license, contact the **Texas Department of Licensing and Registration** at **1-800-803-9202**, [www.license.state.tx.us](http://www.license.state.tx.us).
  - To verify a plumber’s license, call the **Texas State Board of Plumbing Examiners** at **1-800-845-6584**, [www.tsbpe.state.tx.us/index.html](http://www.tsbpe.state.tx.us/index.html).
- Call your local Better Business Bureau or the licensing/registration agency to find out whether the contractor has any complaints on file.
- Ask the contractor for references. Call the contractor’s former customers to make sure they were satisfied.
- Get written estimates from several contractors before hiring one. Don’t automatically go with the lowest bid unless the contractor checks out otherwise.

- Ask whether the contractor has workers' compensation or general liability insurance. Workers' compensation insurance will pay for injuries to the contractor or contractor's employees that occur because of a construction accident. General liability insurance will provide coverage to the contractor for damages the contractor may cause to your house or building.

### **Step 2 – Get a written contract**

- Never sign a blank contract or one with blank spaces. Read the fine print. Have a lawyer review the contract if substantial costs are involved. Before you sign a contract, make sure it includes:
  - The contractor's name, address, phone number, and license number, if required.
  - A clear statement of the work to be done. Don't forget site clean-up and trash removal.
  - An estimated start and completion date.
  - Payment terms and timeline.
  - The contractor's obligation to obtain all necessary permits.
  - How change orders will be handled. A change order is a written authorization to the contractor to change the work described in the original contract. Changes could affect the project's cost and schedule.
  - A detailed description of the materials to be used, including color, size, brand, quality, etc.
  - The length of the warranty period and any limitations.

### **Step 3: Stay vigilant**

- Don't pay the full cost up front. Pay only as the work is completed to your satisfaction. A reasonable down payment is 10 percent of the total cost of the work.
- Don't sign your insurance settlement over to a contractor. Pay the contractor yourself by check so there's a record of your payment.
- Ask the general contractor to provide lien releases or partial lien releases from the subcontractors in order to receive payment.
- If the contractor buys the materials, ask for receipts to make sure you're not being overcharged.
- Keep good records. Make sure you keep a copy of your contract and any change orders. Document any conversations in writing.

### **Step 4: Get it inspected**

- Inspect the contractor's work yourself as you go along to make sure you're satisfied. Address any problems as they arise.

- If excavation work is being performed, make sure a building inspector or other qualified inspector signs off on the work before it is hidden from view to avoid problems in the future.
- Ask your insurance agent whether you need to comply with the Texas Windstorm Building Code. If your home is located in a county bordering the Gulf of Mexico or in Harris County east of Highway 146 (including La Porte, Morgan's Point, Pasadena, Seabrook, and Shoreacres), new construction and repairs may need to comply with the code in order for you to obtain or maintain wind and hail insurance coverage.
- Ask your agent or adjuster about TDI's Windstorm Inspection Program. Repairs and construction subject to the windstorm building code must be inspected by a TDI inspector or a qualified inspector appointed by the Commissioner of Insurance. The inspection must be made during the construction phase, not after the construction has been completed. There is no fee for inspections performed by TDI inspectors. If the construction or repairs meet the code's requirements, you will receive a Certificate of Compliance (Form WPI-8) from TDI. Additional information on the **Windstorm Inspection Program** is available on the TDI website at [www.tdi.state.tx.us](http://www.tdi.state.tx.us) or by calling **1-800-248-6032**.

#### **Step 5: Help fight fraud!**

- If you suspect that someone has committed insurance fraud, call the **TDI Fraud Unit** at **1-888-327-8818**. You can also report suspected insurance fraud at [www.tdi.state.tx.us/fraud/index.html](http://www.tdi.state.tx.us/fraud/index.html).
- Call the **Texas Attorney General's toll-free complaint line** at **1-800-252-8011** to report instances of price gouging or fraudulent business practices following a disaster. You may also report price gouging or fraud online at [www.oag.state.tx.us/](http://www.oag.state.tx.us/).

#### **For More Information or Assistance**

For answers to general insurance questions or for help filing an insurance complaint, call TDI's **Consumer Help Line** at **1-800-252-3439** or visit our website at [www.tdi.state.tx.us](http://www.tdi.state.tx.us).