

Insurance Coverage and Making a Claim

WHAT TO DO BEFORE AND AFTER A DISASTER

With the exception of flooding damage, most losses due to natural disasters are covered by homeowner's insurance. Still, few policies cover the cost of all damages. Study your policy and talk with your agent about additional coverage before disaster strikes. Find out whether claims are paid on the basis of replacement cost or current market value, and whether reimbursement covers total replacement cost or a given percentage of the replacement cost.

Contact your insurance agent immediately after a disaster. Planning ahead and having the agent's phone number and your policy number will expedite the process. It also helps to have a written and photo or video inventory of personal property. Finally, check with your local emergency government office about disaster rehabilitation assistance. Some disaster assistance may be available for expenses not covered by your insurance policy. (See the fact sheet, "Disaster Rehabilitation Assistance.")

TYPES OF INSURANCE

Many types of insurance may come into play during disaster recovery. If injuries or loss of life occurred, these will extend to health insurance, disability and life insurance. Clean-up and repair of your home and other property involve the following insurance types:

- ◆ *Homeowner's and renter's insurance.* In general, property insurance will include some coverage for "fire or lightning damage," and/or "wind and hail damage," which includes some of the typical damage from tornadoes and hurricanes.

Most policies cover damage from water or water blowing in only if an opening to the structure sustains damage. Some may cover basement flooding caused by sewer backup or sump pump failure. Damage from surface water — as in floor or "rising water" damage — is not covered in the usual private policy. You must purchase special flood insurance for this coverage (see next bulleted item).

A homeowner's policy will include several other elements as well, such as liability insurance for injuries or damages caused by you, a member of your family or a pet.

- ◆ *Flood Insurance.* Unless you specifically purchase flood insurance, your homeowner's policy does not insure you against losses caused by flooding. Most communities in Wisconsin participate in the National Flood Insurance Program (NFIP), under which you can buy federally-subsidized flood insurance at a reasonable cost. If your community participates, any owner or occupant of insurable property may buy a policy from a licensed insurance agent or broker, or directly from the NFIP. Buildings and their contents can be insured against flood loss; all direct losses by flood are covered.

Your insurance agent, zoning administrator or other local official can tell you if your community participates in the NFIP. For routine policy rating or customer service inquiries, call the Federal Emergency Management Agency, which administers the program, at (800) 638-6620.

- ◆ *Automobile insurance.* Study your policy to determine the extent of your current coverage. Comprehensive insurance covers damage to your car from various natural disasters. Coverage includes flood, fire, smoke, wind, hail, glass breakage, vandalism, theft and collision with animals. Auto liability insurance is protection against the cost of defending yourself if you are sued for injury or damage caused by your car.

SETTLING YOUR CLAIM

Do not settle your claim until:

- ◆ **A thorough inspection of the property has been completed by an insurance adjuster and repair contractor.**
- ◆ **Estimates for all damages have been prepared and you fully understand them. You, your insurance adjuster and contractor should agree on needed repairs and estimates.**
- ◆ **Advance insurance payments have been calculated, deductibles have been applied and you know the total amount of your settlement.**
- ◆ **You have identified damaged items you are keeping and agree with salvage deductions.**
- ◆ **You have identified any items that won't be repaired, but for which you will be paid an "appearance loss" (for example, hail-damaged siding).**
- ◆ **You and your contractor understand any time limits for repairs, as required by the insurance company. (Extensions usually can be granted with advance notice.)**

Additional resources:

Your county family living agent, your insurance agent, the State Floodplain Management Program of the Wisconsin Department of Natural Resources, the Federal Emergency Management Agency

MAKING AN INSURANCE CLAIM

- ◆ *Contact your insurance agent and report the damage.* Give your name, address, policy number, and the date and time of loss. The sooner you talk to an agent, the sooner your claim will be filed and an adjuster will look at your damage. Ask when the adjuster will visit.
- ◆ *Protect your property from further damage or theft.* Patch roofs temporarily. Cover broken windows with boards or plastic. If household furnishings are exposed to the weather, move them to a safe location for storage. Take pictures of the damage beforehand if possible.
- ◆ *Keep accurate records:*
 - a) A list of all cleaning and repair bills, including materials, cost of rental equipment and depreciation of purchase equipment.
 - b) A list of all disaster-related living expenses, including motel and restaurant bills, home rental and car rental.
 - c) A list of all actual losses, including furniture, appliances, clothing, paintings, artifacts, food and equipment, regardless of your intent to replace the objects. Try to document the value of each object lost. Written and videotaped household inventories, bills of sale, canceled checks, charge account records and insurance evaluations are good evidence. If you do not have such records, estimate the value and give purchase place and date of purchase.
 - d) Photographs of damaged property. Pictures also can be used as evidence for tax deductions.
- ◆ *Contact a reputable and well-established firm or individual to have your damage repaired.* Sometimes undependable workers enter a damaged area, make cheap repairs and leave before residents discover that repairs are inadequate. Get recommendations and written contracts for the work.
- ◆ *Don't be in a hurry to settle your claim.* Often, people are so anxious to have their home restored after a disaster, they sign off on a settlement before damages are fully discovered or repair costs fully understood. (See sidebar at left.)