Hurricane Sandy FAQs: What Is Covered Or Not In Your Insurance Policies

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NEW YORK, November 2, 2012 ? Insurance companies have assembled thousands of claims adjusters from around the country to handle claims for damage to homes, businesses and vehicles caused by Hurricane Sandy. They will directly enter areas impacted by the storm as soon as permitted by civil authorities and conditions on the scene. Policyholders are urged to contact their insurance agents or company representatives as soon as possible to begin the claims process.

In the aftermath of the storm, many people have questions about how insurance works following a natural disaster. The Insurance Information Institute has outlined some of these questions and provided answers below.

1. Is wind damage covered under my homeowners insurance policy?

Property insurance covers damage from windstorms, such as hurricanes and tornadoes, to the ?residence premises,? whether it is a single-family home, a duplex where the policyholder lives in one of the units, or any other building where the policyholder resides as shown on the insurance declarations page. Dwelling coverage also applies to an attached structure, such as a garage or deck. A standard homeowners policy also covers ?other structures? that are unattached, such as a separate garage building or shed and swimming pools. The policy also includes coverage for damage to contents.

Damage from flooding, including flooding generated by hurricane-generated storm surge typically is not covered under a standard homeowners policy. Flood insurance is available from the National Flood Insurance Program (NFIP).

2. Does my renters insurance cover damage from winds?

A ?tenant homeowner policy? or renters policy covers personal belongings that may be damaged from the storm by wind. Damage from flooding may be covered under some renters policies, although most require separate policies be purchased from the NFIP. Damage unrelated to your personal possessions, such as part of the apartment?s structure like the walls and floor, is covered under the building owner?s policy.

3. Are flood losses covered under my homeowners insurance policy?

Standard homeowners and renters insurance policies do not cover flood damage, including damage from a storm surge. Flood coverage requires a separate policy from the federal government?s National Flood Insurance Program (NFIP), or from a private insurance company.

4. Is property damage from a storm surge considered flood damage?

Flood insurance policies cover damage from a storm surge. The standard homeowners insurance policy does not cover damage from floods, such as flooding from a storm surge.

5. I live in a condo/co-op. Am I covered for wind damage to my unit?

If you have purchased a homeowners policy tailored to condominiums or a co-op, you would be covered for damage to the interior space of your home. The condo association?s insurance might have coverage for your fixtures, wiring or plumbing, or it may only provide coverage from the ?bare walls? and not what is behind them. You can obtain a copy of the master policy to better understand what is covered.

6. Is flooding covered under a condo/co-op insurance policy?

Flood damage to the building is covered only if the condo/co-op association purchased a separate flood policy, either from the NFIP or through a private insurance company. This flood insurance would cover only the structure itself, including common areas; the condo/co-op flood insurance policy will not pay for damage caused by flood waters to the personal belongings of individual condo or co-op owners. However, condo or co-op owners could purchase a contents policy from the National Flood Insurance Program.

7. My car was flooded in the storm. Is it covered?

Flood damage to vehicles, including flooding from a storm surge, is covered if you have purchased comprehensive coverage, also known as ?other than collision? coverage, which is optional with a standard auto policy.

8. If I make temporary repairs to my home, will I get reimbursed?

Yes. Do not wait until a claims adjuster arrives to make temporary repairs needed to prevent further damage. Most policies have a provision to reimburse you for the expenses of reasonable and necessary repairs that protects against more damage, up to a specified dollar amount. Be sure to save all the receipts from purchases related to your repairs.

9. The power went out during the storm and food in the refrigerator and freezer were spoiled. Is that covered?

Following a hurricane, some insurance companies may include food-spoilage coverage, usually for a set amount that can range from \$250 to \$500 per appliance. Check with your agent or insurance company.

10. Should I file a claim if the damage is less than my deductible?

Yes. Sometimes there may be additional damage that becomes evident in the months following a significant storm. Filing a claim, even if the damage total is under your deductible, will protect you in the event further repairs are needed. And if your home suffers damage from more than one storm in a single season, the damage from the first storm may apply toward the deductible amount.

11. My home was not damaged, but can I file a claim for the large tree that fell in my yard?

Homeowners insurance policies do not pay for removal of trees or landscaping debris that did no damage to an insured structure. If a tree hit your home, that damage is covered. If your tree fell on your neighbor?s yard, his or her insurance company would pay for the damage; however, if the felled tree was poorly maintained or diseased and you took no steps to take care of it, their insurer may seek reimbursement from you for the damages.

12. My home is uninhabitable. Does my policy cover temporary living expenses?

Most homeowners and renters policies cover additional living expenses, which are the extra charges over and above your customary living expenses incurred when you are displaced from your home by a covered loss, such as wind damage, and need temporary shelter. The amount is generally 20 percent of the insurance you have on your home. Some insurers pay more than 20 percent; others limit additional living expenses to an amount spent during a specific time period. You should always check with your insurer to be sure you understand what this coverage allows. Keep all your receipts to document your expenditures.

13. If I evacuated due to the storm, are my evacuation expenses covered?

It depends on what is stated within your insurance policy. Generally, mandatory evacuation expenses are covered under certain conditions.

14. I have a percentage deductible for hurricane damage. How do I know what my out-of-pocket costs are?

The declarations page of your insurance policy details the exact dollar amount of your hurricane deductible. Whether a hurricane deductible applies to a claim depends on the specific ?trigger?, which can vary by state and insurer and is usually linked to wind speeds. Percentage deductibles were adopted by many coastal states to lower the cost of annual insurance premiums and have those impacted by the storm more directly pay for recovery costs.

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Back to top