

LATE-SEASON SNOWSTORM SLAMS NORTHEAST; DAMAGE FROM BLIZZARDS, WINTER STORMS COVERED BY MOST STANDARD INSURANCE POLICIES, SAYS THE I.I.I.

Winter Storms And Cold Waves Caused \$1 Billion In Insured Losses in 2016

March 14, 2017

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NEW YORK, March 14, 2017—With severe snow and wind conditions battering the Northeast, damage to homes, cars and businesses is likely. The good news is that most insurance policies are designed to cover damage that results directly from winter weather losses, according to the Insurance Information Institute (I.I.I.).

“Mother Nature may be unpredictable, but insurance is not,” said Sean Kevelighan, CEO of the I.I.I. “Insurance is an important component in the recovery process that helps get people back into their homes, and their businesses up and running.”

Standard homeowners policies provide coverage for damage caused by wind, hail, snow and ice. Additional living expenses (ALE) would pay for reasonable expenses incurred by living elsewhere while a home is being repaired. The liability portion of a policy provides protection should someone slip and fall on a homeowner’s property.

Melting snow that seeps into a home is covered by flood insurance, which is provided by FEMA’s National Flood Insurance Program, and a few private insurers. Damage caused by a sewer backup into your home may be covered by the NFIP if it is a direct result of flooding.

Auto accidents caused by slippery road conditions are covered under standard auto insurance policies. Damage to a car caused by winter conditions, such as falling ice or a collision with an object, is covered by the optional comprehensive and collision portions of an auto policy.

Business Insurance policies provide coverage for property damage and losses to inventory. Business income insurance (also known as business interruption insurance) is typically included in a Business Owners Policy (BOP) or a Commercial policy. It provides for revenues lost due to business closure, fixed expenses, such as rent and utility costs, as well as expenses of operating from a temporary location.

Natural Catastrophe Losses In The United States, 2016

(Based on perils)

As of January 4, 2017	Number of Events	Fatalities	Estimated Overall Losses (US \$m)	Estimated Insured Losses (US \$m)*
Severe Thunderstorm	43	40	19,000	14,000
Winter Storms & Cold Waves	7	55	1,700	1,000
Flood, Flash Flood	19	83	15,000	4,300
Earthquake & Geophysical	2	-	Minor losses	Minor losses
Tropical Cyclone	2	52	7,000	3,500
Wildfire, Heat Waves, & Drought (ongoing drought condition without loss estimation)	18	32	1,200	1,000
Totals	91	262	43,900	23,800

Source: © 2017 Munich Re, NatCatSERVICE; Property Claim Services (PCS®)*, a Verisk Analytics® business. As of February 2017.

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Winter storms were the second largest cause of insured U.S. catastrophe losses for the period of 2006-2015. Winter storms caused \$1 billion in insured losses in 2016, up dramatically from \$38 million in 2012.

From 1996 to 2015 in the U.S., winter storms resulted in about \$30 billion in insured catastrophe losses (in 2015 dollars), or about \$1.5 billion a year on average, according to Property Claim Services (PCS).

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