

# AN INSURANCE PREPAREDNESS GUIDE FOR **NATURAL DISASTERS**



# Table of Contents

## Before the Weather Hits

• Homeowners/Renters Insurance .....	2
• Federal Flood Insurance .....	4
• Automobile Insurance .....	6

After a Loss .....	6
--------------------	---

Important Notes .....	9
-----------------------	---

## Frequently Asked Questions About Insurance Coverage After a Weather Related Loss

Automobile Insurance .....	10
Homeowners Insurance .....	10

Facts About the National Flood Insurance Program .....	15
--	----

Appendix A – Resources for Citizens Affected by a Storm .....	23
---	----

Appendix B – Sample Personal Property Inventory Form .....	26
--	----

# **BEFORE THE WEATHER HITS**

Natural disasters happen any time and any place; Alabama is no exception. In the last few years, Alabamians have sustained a significant amount of damage to their homes and personal property as a result of tornadoes, floods and hurricanes. While natural disasters are out of our control, you can take steps to lessen the exposure to these types of losses and ensure you have the appropriate insurance to cover potential damages.

This brochure is designed to help you understand the types of coverages available to you, what you should do BEFORE a natural disaster hits, and what to do AFTER a loss has occurred in order to protect your interests if you must file a claim.

## **Do you have the right insurance?**

### **Homeowners/Renters Insurance**

- Read your policy to determine what is covered and what is excluded. Not all policies are alike. The following expenses may or may not be covered or may have limits on the extent of their coverage:
  - water and windstorm damage
  - debris or tree removal
  - sewer and drain back-up
  - sump pump failure
  - additional living expenses if disaster forces you from your home
- Check the insurance coverage limits to ensure you will have sufficient monies to repair or rebuild your home in the event of a loss. You should also review the amount of coverage you have for your personal property. Get a free copy of the *Consumer's Guide to Home Insurance* from the Alabama Department of Insurance for more details. This brochure is available on our website, [www.aldoi.gov](http://www.aldoi.gov) or by contacting us at (334) 269-3550 or toll-free at (800) 433-3966.
- Create a current inventory of all your personal property in your home. You may wish to consider buying additional coverage (known as endorsements) for certain items you

may own such as antiques, collectibles, jewelry, computers and any other expensive or hard to replace items.

- Consider making improvements or repairs to the property which may mitigate loss or damage from a hurricane or storm. Some examples of mitigation efforts include the installation of: hurricane shutters, secondary water barriers, reinforced roof coverings, braced gable ends, reinforced roof to wall connections, tie downs, and reinforced opening protections. Other efforts include the repair or replacement of: exterior doors (including garage doors), hurricane resistant trusses, studs and other structural components and manufactured home piers, anchors and tie down straps. By law these improvements and repairs are recognized as mitigation actions. Insurers are required by law to offer a discount to policyholders who submit proof to the insurance company that they made qualified mitigation actions or made other repairs or improvements that materially mitigate loss from a hurricane or other storm otherwise covered under the policy. All improvements must be inspected by a licensed contractor and are subject to inspection and verification by the insurer.
- Check your policy to see if there is a special deductible applicable for losses due to windstorms, hailstorms or hurricanes. Many companies have a different deductible that applies if the cause of the damage is wind or hail. These deductibles are often shown as either a dollar amount or a percentage of the home's insured value (not as a percentage of the loss itself).
- Check the type of coverage you have for your homeowners insurance. You can purchase three different types of coverage for the structure:

Actual Cash Value (ACV): This coverage provides you with the cost to replace your home, up to the limit of the insurance policy, minus the depreciation for age and use. For example, if at the time of the loss, your roof was 15 years old and had a 20-year life expectancy, your cost to replace the roof will exceed the actual cash value of the roof.

Replacement Cost: This coverage provides you with the cost of replacing the damaged property, up to the policy limits, without any deduction for depreciation.

Extended Replacement Cost: This coverage provides you with the cost of replacing the damaged property without any depreciation up to a certain percentage over the policy limit (usually this is 20 or 25%).

- Notify your agent or insurance company and increase the limits of your policy if you make any improvements or additions to your home. Also, due to inflation, the cost of necessary materials to rebuild your home may have increased. You should ensure your coverage limits are adequate by consulting with your insurance company or agent. There are companies that have developed reconstruction cost estimator programs which may assist you in determining the cost to rebuild your property. While you must pay a fee for using these services, the information provided will assist you in making better informed decisions regarding the value of your home, as well as the appropriate coverage limit. Additional information regarding insuring your home to value can be found on the ALDOI's web page.

- Check the type of coverage you have for your personal property within your home. There are two different types of insurance coverage for your personal belongings:

- Actual Cash Value (ACV): This coverage provides you with the cost to replace the damaged personal property with *like kind or quality* minus the depreciation for age and use. Your cost to replace the damaged property will, in most cases, exceed the actual cash value.
- Replacement Cost Coverage: This coverage provides you with the cost to replace the damaged personal property with *like kind and quality*, up to the policy limits, without depreciation. Absent specific language that provides you with replacement cost coverage, the coverage for personal property is actual cash value.

## Federal Flood Insurance

If your home could be damaged by rising water, consider buying federal flood insurance even if your home is not in a flood zone, as your home may be at risk for flooding. Standard homeowners, farm and ranch owners, renters and condominium

policies DO NOT cover damage caused by rising waters. However, mobile home policies may cover this. Flood insurance is an optional coverage offered through the Federal government. It may also be available through other sources. (A detailed

discussion of the Federal flood insurance program is contained in an additional section of this brochure.) When deciding whether to purchase Federal flood insurance, be aware of these important facts:

- There is a 30-day waiting period for a new or modified flood insurance policy to become effective unless the lender requires that flood insurance be purchased in connection with a mortgage loan. If it does, there is no waiting period.
- The standard flood insurance policy covers direct losses caused by a flood, less an insurance deductible [usually \$1,000 for policies written after October 1, 2009 on properties built after the Flood Insurance rate Map (FIRM) for your community was created].
- There are two types of coverage available under the National Flood Insurance Program: **structural coverage** for walls, floors, insulation, furnace and items that are permanently attached to the insured structure and **contents coverage** for your personal property. These coverages are purchased separately and carry separate deductibles.

To learn more about Federal flood insurance, visit the National Flood Insurance Program's website at [www.fema.gov/nfip](http://www.fema.gov/nfip) or talk to your insurance agent.

## **Do you have a record of your personal property?**

- Make an inventory of all your possessions and update it regularly. Photograph and/or videotape each room and the exterior of your home. Write down all the major items you own along with relevant information about them, such as the model and serial number. Attach sales receipts.
- Safeguard your records. If you evacuate your home and are able to do so, take your insurance policies and your personal property inventory with you. It is best to keep copies of your insurance policies and your personal property inventory, including receipts, outside your home (such as in a safe deposit box) so they will not be damaged or destroyed at the time of the loss. There are companies that provide electronic or virtual storage of documents for safe keeping.
- Make sure you know the storage location of your actual insurance policy so you can easily retrieve it after the storm passes should you need to make a claim.

- Make sure you have your insurance agent's name and telephone number, the insurance company's telephone number, and all of your policy numbers available to you (particularly if you have more than one, or do business with more than one company).
- Know how to shut off your home's gas, electricity and water, and how to board up vulnerable places around the house, such as windows and doors.

[See appendix B for a *Sample Personal Property Inventory Form.*]

## Automobile Insurance

Check your automobile insurance policy. Comprehensive coverage (other than collision) pays if a storm or flood damages your car. You are not required by law to purchase comprehensive coverage; it is optional coverage you may purchase if you desire. However, vehicles subject to a lien may be required by the lien holder to have this type of coverage on the vehicle. In order to determine what types of automobile insurance coverages are available to you, you should contact the Alabama Department of Insurance to obtain a free copy of the *Consumer's Guide to Auto Insurance.* This is available at our website, [www.aldoi.gov](http://www.aldoi.gov) or by contacting us at (334) 269-3550 or toll free at (800) 433-3966.

## AFTER A LOSS

- Contact your insurance company or agent immediately if you sustained property or automobile damage as a result of a natural disaster.
- Read your policy carefully so you understand what coverage is available to you.
- If you have to relocate temporarily, make sure the insurance company or agent knows your temporary address and telephone number.

- Take photographs and/or video of the damaged areas. This will help you with your claim and will assist the insurance company in its investigation of your claim.
- Make only those repairs necessary to prevent any further damage to your home or business. This includes covering roofs, walls or windows with plywood, canvas or other waterproof material. Do not make permanent repairs without consulting your agent or company. Unauthorized repairs may not be reimbursed.
- Before you remove any damaged property from the premises, be sure an insurance adjuster or your agent has seen the damage so a damage and loss assessment can be prepared. This is especially important if State or local officials have to begin debris removal on your property.
- Keep all receipts for emergency repairs and for temporary living expenses if needed.
- As soon as you are able, prepare a detailed inventory of all damaged or destroyed property. Give one copy to the insurance adjuster and keep one copy for your files. Your list should include a description of the item and quantity, if more than one, date of purchase or approximate age, cost at the time of purchase, and estimated replacement cost today. Include as much information as possible.
- If you hire a public adjuster, you should understand your insurance company may or may not agree with that person's estimate of your damage. Your insurance company is not obligated to accept the damages are claimed by a public adjuster.
- Be present when your insurance adjuster inspects your property. This will enable you to point out all areas you believe have been damaged.
- If a disaster occurs, adjusters will handle the largest losses first, but will work to handle all claims as quickly as possible.
- If you do not hear from your adjuster within a reasonable length of time following a natural disaster, contact your agent or company again and make sure you leave them with a way to contact you.
- Do not accept an unfair settlement offer. If you cannot reach an agreement, call the insurance company and be prepared to explain why the offer is insufficient or unfair. If you are still not satisfied, contact the Alabama Department of Insurance Consumer Services Division at (334) 269-3550 or toll free at (800) 433-3966.

- If you think the insurance company's estimate is too low, you may wish to obtain an estimate from your own contractor. A contractor may charge a fee for this service; but, if he or she does the repair work, the fee will usually be credited toward the cost of the repairs. Estimates from reputable contractors can be effective negotiating tools if you think the insurance company's estimate is too low.
- Even if your property is condemned by governmental authorities, the property may not be a total loss. Your insurance company may decide the property can be repaired. To fully protect your ability to make a claim and be paid, you must be sure your insurance company's adjuster has fully inspected the damage.
- If your insurance company denies any part of your claim, be sure they put the denial in writing and that you keep the paperwork they send you. You will need it if your area is declared a disaster by the Federal government. If the Federal government declares your area to be a disaster, you may be eligible for Federal relief.
- Avoid shoddy repairs and workmanship by using licensed, reputable contractors. Be sure they secure the appropriate building permits. Beware of contractors requiring a large payment upfront or whose bids are amazingly low. Check with the appropriate licensing agency to make certain the contractor you are planning to use for the repairs has a valid license.
- If your home was destroyed beyond repair and you decide to rebuild your home on another lot or you choose to purchase another home instead, check your insurance policy and discuss your plans with your insurance carrier. There may be limitations on what your insurer will pay if you do not rebuild on the same property.
- Remember, the amount of your settlement won't necessarily be the same as your neighbor's. Your coverages, deductibles, limits and/or level of damage you sustained may be different.
- Your insurance policy provides coverage for the repair or replacement of the property with *like kind and quality* you had prior to the storm. It does not provide for expensive improvements, upgrades or cosmetic appeal issues such as putting on a slate roof if, prior to the loss, your roof was a standard 3-tab shingle or replacement of entire roof for cosmetic purposes when only half was damaged.
- If you know your home was not built to the current local building code standards, you may be required to rebuild the damaged sections according to current codes. In some

cases, this may cost more. Generally, a standard homeowners insurance policy does not cover such additional expenses. However, you may want to consider purchasing an endorsement to your policy that provides coverage for the costs associated with bringing the property into compliance with current codes and ordinances when making required repairs.

- You should contact your insurance company and claims adjuster any time you find additional damage not previously reported and inspected, or if you have additional information concerning your claim.

## **IMPORTANT NOTES**

You should be aware an insurance company's responsiveness following a natural disaster may be affected by the severity and size of the area impacted by the disaster. Therefore, it may take several days or even as much as several weeks before all damage is assessed. Homeowners and commercial property owners are asked not to make repeated calls to report their claims as this will only slow down the process. Insurance adjusters will visit and inspect the properties with the most extensive damage first. After a major storm, you can expect thousands of persons will make claims requiring inspections. Please be patient with the process.

Insurance companies consider the loss history and your claims frequency when making decisions on whether they will insure you, renew your policy and what the cost of your policy will be. Therefore, before you make a claim, be sure it is worth making. A homeowners insurance policy is not a maintenance or warranty plan and should be used only to cover major losses.

# **FREQUENTLY ASKED QUESTIONS ABOUT INSURANCE COVERAGE AFTER A WEATHER-RELATED LOSS**

## **Automobile Insurance**

### **What are my coverages?**

If you sustained storm-related damage to your automobile, this damage would be covered under your comprehensive coverage. However, if you do not carry comprehensive coverage on your policy (if, for example, you only carry liability coverage), you will not have coverage for your automobile damage.

If your vehicle is determined to be a total loss as a result of the storm and you have comprehensive coverage on your vehicle, your insurance carrier will make a settlement offer reflecting the actual cash value of the vehicle immediately prior to the loss based on the current retail value of your vehicle minus the amount of your deductible.

## **Homeowners Insurance**

### **What are my coverages?**

#### **Replacement Cost Value vs. Actual Cost Value**

If you have Replacement Cost Value (RCV) coverage, your policy will cover the cost to return your home to the condition it was in just prior to the loss. Usually a RCV policy will provide an insured with a lump sum payment reflecting the actual cash value (ACV). ACV equals the RCV minus a “hold back” amount reflecting the depreciation which will be paid to the insured once repairs are completed. The payment for the damage to the structure is paid under your dwelling coverage and is subject to the policy limit.

## **Flood**

A flood is generally defined in the standard Flood insurance policy as *a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from overflow of inland or tidal waters, from unusual and rapid accumulation or runoff of surface waters from any source, or from mudflow* as more specifically defined. General homeowners policies DO NOT insure you against flood. Flood insurance is provided by the Federal government under the National Flood Insurance Program (NFIP). It may also be available through other sources. You do not have to be located near a body of water to be at risk for flood damage. Floods are often caused by storms, melting snow, hurricanes, wind-driven rain, dam failure or other events. Therefore, regardless of where your property is located, you may wish to consider purchasing flood insurance. Although it is a Federal program, you can contact your agent or insurance company to get information or you can call the NFIP at 888-435-6637. (See section on Facts About the National Flood Insurance Program.)

## **Tornadoes**

For insurance purposes, tornadoes are considered “windstorms” and are covered under homeowners insurance policies. Homeowners policies cover the building and its contents for damage from tornadoes, hail and other windstorms.

## **Water Seepage**

If water seeps into your basement from the ground, you are generally NOT covered for the resulting damages. Water seepage is excluded under most homeowners policies. If the water seepage is not the result of a flood, you will not have coverage under your flood policy either. Problems from seepage are considered maintenance issues and are not covered by insurance.

## **Burst Pipes**

If a pipe bursts and water flows all over the floors, most homeowners policies will cover the damage caused by the water. However, repair or replacement of the pipe may not be covered.

## **Spoiled Food Due to an Electrical Outage**

If you lose electricity and the food in your refrigerator spoils, you may or may not be covered for the cost of the lost food, depending upon the language and terms of your policy. You should review your policy to determine if you are covered for food spoilage under these circumstances because any claims you file, whether paid or not, will be counted against your policy and considered by the insurer when determining whether to renew your policy.

## **Total Loss vs. Condemned**

- Total loss means the cost to repair the damage sustained to your dwelling and/or other structures exceeds its value or is beyond the limits of your insurance coverage.
- A “Condemned Property” means a governmental authority such as the County, City or other government jurisdiction has declared your property to be unsafe and in need of repair. But, please note, even if the property is condemned, it does not mean your insurance company will consider it to be a total loss.

## **Reconstruction Costs Due to New Building Codes**

If your home is destroyed and your local building codes have changed, you are generally NOT covered under your homeowners policy for any additional costs to comply with current codes. As a general rule, homeowners policies exclude the costs associated with bringing a property into compliance with current ordinances or laws regulating the construction of buildings. You may want to consider purchasing an endorsement to your policy that does provide coverage for the costs associated with bringing the property into compliance with current codes and ordinances when making required repairs.

## **Additional Living Expenses (ALE) and/or Loss of Use (LOU)**

If, as a result of a covered loss, it becomes necessary for you to leave your home due to the damages sustained and if your policy provides for additional living expenses or loss of use, your insurance company will reimburse you for the costs of your additional living arrangements (hotel, trailer, apartment, etc.). This includes meals and other miscellaneous items. You will need to retain all receipts (proof of payment) for your additional living expenses in order to be reimbursed. A homeowners insurance policy issued, sold or delivered in the state of Alabama that provides coverage for additional

living expenses must provide coverage for at least twelve months; however, it may be subject to a monetary limit as well. Depending on the extent of the property damage, your particular claim may not be eligible for coverage for twelve months. You should contact your agent for further details on this type of coverage and the amount available to you under your policy.

### **General Debris Removal**

- If you are insured, the cost of debris removal should be part of your property insurance settlement. The general contractor usually handles debris removal as part of its repair contract.
- If you do not have insurance to cover you for the damage, your local jurisdiction may provide for debris removal from your property after a major storm. Watch for information in the newspaper or listen to the radio for details. If there is debris removal by a government jurisdiction, you may need to sign a right of entry form allowing them to come onto your property and remove the debris.

### **Downed Trees**

Generally, if you have homeowners insurance, your policy covers up to \$500 toward tree removal. This limit on coverage applies to all downed trees per event and is not paid on a per tree basis. So, regardless of whether you have two trees or 12 trees down after the storm, you will receive only one payment from your insurance company in the amount of \$500.

If you have homeowners insurance and a tree(s) falls on a covered dwelling (your home) or other structure, your insurance should cover the cost to remove the tree from the damaged structure. This would be paid under the dwelling portion of your policy. The tree(s) will then be placed on the ground for removal. The removal of the tree(s) will be included, generally, in the lump sum payment of \$500 for tree removal.

If a tree(s) falls on your property and does not damage any part of your insured dwelling or other structures, you will only receive payment for what your policy allows for general tree removal, usually \$500.

### **Fire**

If your home is totally destroyed by fire, you will want to be sure you have sufficient limits to enable you to rebuild your home. The time to determine whether you have

sufficient coverage is BEFORE a loss and not after. The cost of rebuilding your home will depend on:

- the square footage of the home,
- the type of exterior construction (e.g. frame, brick, stone, veneer),
- the type of roof,
- any attached structures,
- the number of rooms and bathrooms,
- any additional features such as custom cabinetry and fireplaces, and
- the construction costs in your area.

You should check with your insurance producer (agent or broker) to be sure you are adequately insured. Many homeowners insurance policies with replacement cost coverage contain a provision requiring the limits to equal or exceed 80% of the cost to replace the home. If this provision is not complied with, a penalty may be applied when settling the claim. Therefore, it is important to periodically check and update the coverage limits on your policy. Any improvements or additions to your home will increase the cost to rebuild it in the event of a loss. Therefore, any improvements or additions should be reported to your insurance company as soon as they are completed so the additional coverage can be added to your policy. If you choose not to replace your home, you will receive the replacement cost of your home minus depreciation, or the Actual Cash Value.

## Your Responsibilities after a Loss

- Report all claims to your insurance carrier immediately.
- Document your entire loss with photographs, videos, etc.
- Keep a log of your personal property loss and gather all receipts (proofs of payment) for those items damaged or destroyed. If you do not have proofs of purchase, photographs and videos may be substituted. If you do not have either, discuss suitable replacement of those pieces of property with your insurance carrier BEFORE you replace them.
- Mitigate your damages. This means you should take whatever steps are necessary to prevent further damage and loss to your property until your insurance company has a chance to inspect and assess the damages. Use tarps and plywood to protect the structure and clear away nearby hazards, etc., as is safe to do. If you have questions, contact your insurance carrier for advice.

- In addition to your regular deductible, your policy may also include a deductible that is specific for wind, hail or hurricane damage. Please refer to your policy to determine the amount of your deductible.

## FACTS ABOUT THE NATIONAL FLOOD INSURANCE PROGRAM

### What is a Flood?

Flood insurance covers direct physical loss caused by “flood.” In simple terms, a flood is an excess of water on land that is normally dry. As of January 2007, the Standard Flood Insurance Policy defines “flood” as:

*A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:*

- *Overflow of inland or tidal waters;*
- *Unusual and rapid accumulation or runoff of surface waters from any source;*
- *Mudflow\*; or*
- *Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined . . . above.”*

\*Mudflow is defined as “A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water . . .”

### Important Facts about Federal Flood Insurance:

- Flood coverage is available for any building located in a community that has qualified for the National Flood Insurance Program (NFIP). This means buildings do not have to

be located in a floodplain to be eligible for coverage. Nor do you need to be located near a body of water to be at risk for flood damage. (Floods are often caused by storms, melting snow, hurricanes, heavy rain, dam failures or other causes.)

- There is a 30-day waiting period for a new or modified flood insurance policy to become effective. However, if a lender requires that flood insurance be purchased in connection with a mortgage loan, there is no waiting period.
- The standard flood insurance policy covers direct losses caused by a flood up to \$250,000, less an insurance deductible (usually \$1,000 for policies written after October 1, 2009 on properties built after the Flood Insurance rate Map (FIRM) for your community was created).
- Flood insurance protects against damages caused by surface flooding, with limited coverage in basements. It does not usually cover damages for sewer backup or sump pump failure. There may, however, be certain circumstances when this coverage would apply.
- There are two types of coverage available under the National Flood Insurance Program: **structural coverage** for walls, floors, insulation, furnace and items that are permanently attached to the insured structure and **contents coverage** for your personal property. These coverages are purchased separately and carry separate deductibles.
- Homes can be insured up to \$250,000 (there are some companies that have special flood programs with coverage limits in excess of \$250,000); furnishings and contents coverage is available up to \$100,000. Commercial property limits are \$500,000 on the building and \$500,000 on contents.
- The policy offers limited coverage for basements. Unimproved structural parts such as walls, foundation and utility connections are covered. Coverage usually applies to sump pumps, water tanks, furnaces, air conditioners and clean-up as part of the structural coverage.

## Is my basement covered?

The NFIP generally defines a basement as *any area of a building with a floor that is below ground level on all sides*. While flood insurance does not cover basement improvements such as finished walls, floors, or ceilings, or personal belongings kept in a basement, it does cover structural elements, essential equipment, and other basic items

normally located in a basement. Many of these items are covered under Building Coverage and some are covered if you have purchased Contents Coverage. Enclosed areas under the lowest elevated floor of a building are also covered.

As of January 2007, the Standard Flood Insurance Policy states that, under Building Coverage,

. . . *Coverage is limited to the following:*

- a) Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:*
  - 1) Central air conditioners;*
  - 2) Cisterns and the water in them;*
  - 3) Drywall for walls and ceiling in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;*
  - 4) Electrical junction and circuit breaker boxes;*
  - 5) Electrical outlets and switches;*
  - 6) Elevators, dumbwaiters and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;*
  - 7) Fuel tanks and the fuel in them;*
  - 8) Furnaces and hot water heaters;*
  - 9) Heat pumps;*
  - 10) Nonflammable insulation in a basement;*
  - 11) Pumps and tanks used in solar energy systems;*
  - 12) Stairways and staircases attached to the building, not separated from it by elevated walkways;*
  - 13) Sump pumps;*

- 14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;*
- 15) Well water tanks and pumps;*
- 16) Required utility connections for any item in this list;*
- 17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.*

*b) Cleanup.*

Items in a basement covered under Contents coverage (if installed in their functioning location and connected to a power source):

- Clothes washers and dryers
- Food freezers and the food in them
- Portable and window air conditioners

## **Is wind-driven rain considered flooding?**

No. Rain entering through wind-damaged windows, doors or a hole in a wall or roof that results in standing water or puddles is considered windstorm damage, not flood damage. The NFIP only covers damage caused by a general condition of flooding (defined as a general and temporary condition during which the surface of normally dry land is partially or completely inundated). Flooding is typically caused by storm surge, wave wash, tidal waves or the overflow of any body of water over normally dry land areas. Buildings that sustain this type of damage usually have a high-water mark showing how high the water rose before it subsided. Although the Standard Flood Insurance Policy (SFIP) specifically excludes wind and hail damage, many homeowners policies provide coverage for this type of damage. Check your policy to see if this is included.

## **Am I covered for Replacement Cost or Actual Cost of my property?**

Replacement cost coverage is available for single-family homes. Single family homes include a residential condominium unit that is the policyholder's principal residence and is insured for at least 80% of the unit's replacement cost at the time of the loss.

Replacement cost coverage is not available for mobile homes under a certain size as specified in the Standard Flood Insurance Policy.

Contents losses are always adjusted on an actual cash value basis. Actual cash value means the replacement cost of an insured item of property with like kind and quality at the time of the loss, less the value of physical depreciation of the damaged item.

If the replacement cost conditions are not met, the building will also be adjusted on an actual cash value basis. Replacement cost conditions may not be met where, for example, the home is not the principal residence, it is not a single-family residence or it is not insured for 80% of its replacement cost as explained above.

## **Does the NFIP cover additional living expenses?**

No. The policy covers only direct physical damage to the dwelling and does not provide additional living expenses. Most homeowners policies have some additional living expense provisions, but coverage is only available if the home is not livable as a result of a covered cause of loss under the homeowners policy.

## **Will my NFIP coverage include additional monies to bring the property up to current building code requirements?**

The Increased Cost of Compliance Coverage (ICC) under the standard flood policy provides additional monies to help pay for the cost to comply with state or community floodplain management laws or ordinances from a flood event in which a building has been declared substantially damaged or incurred repetitive damage. In this case, ICC coverage will help pay for the cost to elevate, flood-proof, demolish or relocate the building up to a maximum benefit of \$30,000. This coverage is in addition to the coverage for the repair of the actual physical damages from the flood.

## **Now that the hurricane has passed, can I still buy flood insurance if my property has been flooded?**

Yes. Even if your home, apartment or business was damaged by a flood, you may still be eligible to purchase flood insurance once the repairs from the prior flood are completed. This new policy will not cover the costs of repairs for damage that occurred before the policy became effective.

# How to Report a Flood Claim

There are specific guidelines that must be followed when filing a claim under an NFIP policy. FEMA created a *Flood Insurance Claims Handbook* so every policyholder would know and understand the claims settlement procedures. This handbook can be downloaded at [www.floodsmart.gov](http://www.floodsmart.gov).

There are a number of things you should do immediately, such as:

- Contact your agent or insurer to report the loss.
- Separate the damaged from the undamaged property and photograph or videotape the damaged property. But you should not discard damaged property until the adjuster has seen it. If you must discard it due to action by local authorities, keep small samples of rugs and other personal property.
- If you have contents coverage, make a list of all damaged items and attach any receipts, bills of sale, etc., as proof.
- Make a list of all structural damage to the dwelling so you can point this out to the adjuster.

Once the adjuster arrives, he will inspect the property and note the damaged areas. He may also ask you for any lists that you have prepared, along with your receipts, photos, or other proof of the value of the damaged items. This information will be used to prepare a “suggested proof of loss” that will be provided to you. You must review the proof of loss, verify its accuracy, and if you agree with the amounts stated, sign and return it to the adjuster or insurer within 60 days. If you and the insurer agree on the amount, once the insurer receives the signed proof of loss, a check will be issued. Please note that if the property is mortgaged, the check will be issued payable to the named insured and the mortgage company. A check for personal property will be made payable to the named insured solely.

## What happens if I find more damage after the proof of loss has been filed?

You can make a claim for the “supplemental loss” by following all the steps outlined in FEMA’s *Flood Insurance Claims Handbook*.

## **How long will it take to receive a check for my damages?**

In many cases, the adjuster can give you a monetary advance on your final claim determination to help you begin repairs. That check can be arranged very quickly after the determination of the total cost of the loss. The rest of the claim amount will follow in a few weeks.

## **How can I appeal a decision of the insurance adjuster?**

The appeal procedures are also contained in FEMA's *Flood Insurance Claims Handbook* and must be followed for your appeal to be given consideration. There are basically four steps to the appeals process:

1. Call your adjuster and discuss the differences with him. You should keep careful notes of your discussions, including dates, times and what was discussed or agreed upon.
2. If you cannot reach an agreement with the adjuster, contact his supervisor and discuss the issues with him. Again, keep good notes of who you talk to, when and the nature of the conversation.
3. If you cannot reach an agreement with the supervisor, contact the insurance agent or company's claim representative and try to resolve the differences with them.
4. If you still cannot get the matter resolved, you may write to FEMA at:

Federal Emergency Management Agency  
Mitigation Division-Room 433, Risk Insurance Branch  
Attn: Director of Claims,  
500 C Street, S.W.  
Washington, DC 20472.

This letter must be received by FEMA within **60 days** of the date of a final decision from your adjuster or insurer. If you are uncertain whether this is a final decision, promptly contact your adjuster or insurer so you can timely file your appeal. The letter should contain all your pertinent policy and contact information and should also completely outline your issues. You may attach copies of any correspondence as well. The specific documents necessary are listed in the *Flood Insurance Claims Handbook*. You will receive an acknowledgement letter from FEMA notifying you it has received

your appeal. Ninety (90) days from the date FEMA receives all of the information regarding your claim, a written explanation of its decision will be provided.

## How can I learn more about flood insurance?

- Visit the National Flood Insurance Program website at [www.floodsmart.gov](http://www.floodsmart.gov).
- Talk to your insurance agent.
- FEMA has published the *National Flood Insurance Program Summary of Coverage*, which was designed to help applicants and policyholders understand the Federal flood insurance program.

# **APPENDIX A**

## **RESOURCES FOR CITIZENS AFFECTED BY A STORM**

### **Federal Emergency Management Agency (FEMA)**

Provides payments for some storm-related costs not covered by insurance.

(800) 621-FEMA ext. 3362

*www.fema.gov*

### **National Flood Insurance Program (NFIP)**

Underwrites flood insurance policies sold by local insurance companies. Claims are paid under NFIP guidelines through the companies that sold the policies.

(800) 767-4341

*www.floodsmart.gov*

### **Small Business Administration (SBA)**

Provides low-interest loans to individuals and businesses to cover property damage costs.

(800) 659-2955

*www.sba.gov*

### **Alabama Emergency Management Agency**

Coordinates the State's response to natural disasters and other emergencies.

(205) 280-2200

*www.ema.alabama.gov*

## **Alabama Department of Insurance (ALDOI)**

Regulates the insurance industry in the state and helps resolve consumer complaints.

(334) 269-3550

(800) 433-3966

*www.aldoi.gov*

## **Legal Services Alabama**

Offers a list of organizations in Alabama which provide low cost or free legal services.

(866) 456-4995

*www.legalservicesalabama.org*

## **Alabama Licensing Board for General Contractors**

A state regulatory agency for determining whether a home improvement contractor is licensed and whether there are any complaints against the contractor

(334) 272-5030

*www.genconbd.alabama.gov*

## **Alabama Department of Economic and Community Affairs**

Provides loans and other financial assistance based on need and qualifications.

(334) 242-5100

*www.adeca.alabama.gov*

## **MOLD REMEDIATION HELP**

To obtain information about mold and how to safely remove it, you should contact your local health department. The phone number will be listed in the blue pages of your phone book. You may also contact the State of Alabama's Department of Public Health for the name and phone number of your local health department.

(334) 206-5300

(800) 252-1818

*www.adph.org*

The **Environmental Protection Agency** also offers mold remediation help on its website.

(800) 438-4318

*www.epa.gov/iaq/molds*

## APPENDIX B

### Sample Personal Property Inventory Form

Article	Date of Purchase	Price
LIVING ROOM		
Carpet/Rugs		
Curtains/Drapes		
Sofas		
Ottomans		
Chairs		
Coffee Tables		
End Tables and Contents		
Television/VCR		
Camcorder		
Videotapes/DVDs		
Radio/Stereo		
Compact Discs/Records		
Tapes		
Bookcases		
Books		
Musical Instruments		
Plants/Planters		
Mirrors		
Collectibles		
Other		
DINING ROOM		
Carpet/Rugs		
Curtains/Drapes		
Buffet		
Tables		
Chairs		

China Cabinet	_____	_____
China	_____	_____
Silverware	_____	_____
Crystal	_____	_____
Glassware	_____	_____
Clocks	_____	_____
Lamps/Fixtures	_____	_____
Serving Table/Cart	_____	_____
Table Linens	_____	_____
Wall Hangings	_____	_____
Other	_____	_____
	<b>BATHROOM</b>	
Clothes Hamper	_____	_____
Curtains	_____	_____
Wall Hangings	_____	_____
Dressing Table	_____	_____
Toiletry Items	_____	_____
Electrical Appliances	_____	_____
Scale	_____	_____
Shower Curtains	_____	_____
Linens	_____	_____
Rugs	_____	_____
Other	_____	_____
	<b>KITCHEN</b>	
Table	_____	_____
Chairs	_____	_____
Linens	_____	_____
Curtains	_____	_____
Cabinets	_____	_____
Lighting Fixtures	_____	_____
Bowls	_____	_____
Pots/Pans	_____	_____
Utensils	_____	_____
Cutlery	_____	_____

Dishes	_____	_____
Refrigerator	_____	_____
Stove	_____	_____
Dishwasher	_____	_____
Garbage Disposal Unit	_____	_____
Freezer	_____	_____
Washer	_____	_____
Dryer	_____	_____
Small Appliances	_____	_____
Clocks	_____	_____
Radios	_____	_____
Step Stool	_____	_____
Television	_____	_____
Microwave	_____	_____
Food/Supplies	_____	_____
Wall Hangings	_____	_____
Other	_____	_____

#### BEDROOMS

Bookcases	_____	_____
Books	_____	_____
Chairs	_____	_____
Carpet/Rugs	_____	_____
Curtains/Drapes	_____	_____
Beds	_____	_____
Linens	_____	_____
Mattresses	_____	_____
Cedar Chests	_____	_____
Desk and Contents	_____	_____
Dresser and Contents	_____	_____
Dressing Table	_____	_____
Night Table	_____	_____
Lamps	_____	_____
Mirrors	_____	_____
Clock	_____	_____

Radios	_____	_____
Sewing Machine	_____	_____
Television/VCR	_____	_____
Toiletry Items	_____	_____
Computer Equipment	_____	_____
Games	_____	_____
Toys	_____	_____
Collectibles	_____	_____
Clothing	_____	_____
Shoes	_____	_____
Wall Hangings	_____	_____
Other	_____	_____
<b>ATTIC/BASEMENT/GARAGE</b>		
Furniture	_____	_____
Luggage/Trunks	_____	_____
Exercise/Sports Equipment	_____	_____
Toys	_____	_____
Outdoor Games	_____	_____
Ornamental Lawn Items	_____	_____
Lawn Mower	_____	_____
Shovels	_____	_____
Spreaders	_____	_____
Sprinklers/Hoses	_____	_____
Wheelbarrow	_____	_____
Snow Blower	_____	_____
Ladder/Step Stools	_____	_____
Workbench	_____	_____
Carpentry Tools/Supplies	_____	_____
Canned Goods/Supplies	_____	_____
Pet Supplies	_____	_____
Garden Tools	_____	_____
Other	_____	_____
<b>PATIO/PORCH</b>		
Chairs	_____	_____
Floor Covering	_____	_____
Outdoor Cooking Equipment	_____	_____

Plants/Planters	_____	_____
Tables	_____	_____
Umbrella	_____	_____
Other	_____	_____

## Videotape or DVD:

You may also make a videotape or DVD inventory of your property. Or, you may use photographs and a tape recorder. A complete video or tape recorded inventory should contain verbal descriptions of major assets as well as their value. Don't forget to record what is in the garage, attic, basement and the exterior of the house, as well as the garden and fencing. Store the video, DVD and/or photographs with this inventory in a safe deposit box and send a copy to a friend or relative.

## Important Documents:

Important documents should be photocopied. Keep one copy in your home and the original, where possible, in a safe deposit box. Important items include:

- House: Escrow, title, deed, insurance policy
- Personal: Birth certificates, medical history, passports, insurance certificates, credit card numbers, will
- Automobile: Certificates of ownership, finance contracts, registrations, insurance policies and drivers licenses
- Finance: Account numbers for checking and savings accounts, Certificates of Deposit, stocks, bonds, other significant investments
- Tax: Copies of the first two pages of your state and federal returns for the past five years. Complete returns should be kept in a separate file box.

## Special Note:

Most policies limit the amount of coverage for theft of valuable items such as furs, jewelry, stamps, guns, coins, silverware, and other collectibles. If you have particularly valuable items in these categories, you may wish to purchase additional coverage called a *personal articles floater*. These types of policies cover each item individually and are usually inexpensive. Talk to your agent about which coverage is best for you.

# NOTES

This consumer guide should be used for educational purposes only. It is not intended to provide legal advice or opinions regarding coverage under a specific insurance policy or contract; nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide.

This publication has been produced by the Alabama Department of Insurance (ALDOI) to provide consumers with general information about insurance-related issues and/or state programs and services. This publication may contain copyrighted material which was used with permission of the copyright owner. Publication herein does not authorize any use or appropriation of such copyrighted material without consent of the owner.

All publications issued by the ALDOI are available free of charge on the ALDOI's website or by request. The publication may be reproduced in its entirety without further permission of the ALDOI provided the text and format are not altered or amended in any way, and no fee is assessed for the publication or duplication thereof. The ALDOI's name and contact information must remain clearly visible, and no other name, including that of the company or agent reproducing the publication, may appear anywhere in the reproduction. Partial reproductions are not permitted without the prior written consent of the ALDOI.

**Persons with disabilities may request this document in an alternative format.  
Requests should be submitted in writing to the Director of Public Affairs at the  
address listed below.**

201 Monroe Street, Suite 502  
P.O. Box 303351  
Montgomery, AL 36130-3351  
(334) 269-3550  
(800) 433-3966  
[www.aldoi.gov](http://www.aldoi.gov)