

## **Coastal Select HO3: Common Coverage Questions for Hurricane losses**

### **Special Note Please Read**

This information is for general information only. The insurance policy and endorsement forms, not this document, define the terms of coverage. All claims have unique facts and circumstances and must be analyzed individually to determine applicable coverage. If an actual loss has occurred, notify us immediately, and an adjuster will be assigned to investigate the specific circumstances of the loss and provide a definitive answer.

### **Deductibles**

- Q. I have a Named Storm deductible and a Windstorm/Hail/All Other Perils deductible. What deductible will apply if I have hurricane damage?
- A. If your home sustains damage from a named storm as declared by the National Hurricane Center or other qualified scientific or meteorological association, your Named Storm deductible will apply to any covered loss. The deductible applies to all loss covered by the policy including Additional Living Expenses.

### **Evacuation Expense - Additional Living Expenses – No Direct Damage**

- Q. Is additional living expenses covered if I evacuate when my home has not sustained any damage?
- A. No, there must first be damage from a covered cause of loss to your home that makes the home uninhabitable. If you are just evacuating and going somewhere to wait out the storm, there would be no coverage for this expense.
- Q. Is additional living expenses covered if I'm ordered by the authorities to evacuate my home but there is no damage in the area?
- A. No, there must first be damage to neighboring property from a covered cause of loss that results in civil authority prohibiting access to your home. If you are ordered to evacuate your home and there is no damage to neighboring property, there would be no coverage for this expense.
- Q. If I evacuate and return to find my home damaged from the hurricane and uninhabitable is additional living expense covered?
- A. Yes, additional living expense would be covered from the time your home sustained covered damage that made it uninhabitable. This coverage is also subject to your policy Named Storm deductible.

## **Additional Living Expenses - With Direct Damage**

Q. When does additional living expense respond?

A. Your home must first sustain direct damage from a covered loss that makes it uninhabitable. Coverage would then respond to the reasonable and necessary increase in living expenses you incur for your household to maintain its normal standard of living. Coverage would be provided for the shortest time required to repair or replace the damaged property. If you permanently relocate, coverage would be provided for a reasonable time for your household to settle elsewhere.

Q. What will additional living expenses coverage pay for?

A. The additional living expense coverage would apply to expenses that are in addition to (over and beyond) your normal living expenses that you would not have incurred if damage from a covered loss had not made your home uninhabitable. Items that may be considered additional living expense include, but may not be limited to: Increased cost of housing, such as a hotel or rental property; or increased cost to board pets or rent furniture for a temporary residence, increased meal expenses from having to eat out. An example of additional meal expense is as follows: If before the loss you normally spend \$150 a week for groceries and eating out, and after the loss you have to eat out more often because you are in a hotel and spend \$250 a week, your additional living expenses for meals would be \$100 a week (i.e., \$150 normal expense minus \$250 spent = \$100 additional expense). In addition, the costs must be actually incurred. You will need to submit valid receipts for the amounts being claimed. Please be sure to retain all receipts for any expenses you incur that you believe relate to your loss.

Q. If I do not know whether I have damage to my home, and the authorities will not let me in the area because of damages to other property, is additional living expenses covered?

A. Yes, if there is wide-spread damage to neighboring property from a covered loss and civil authority prohibits access to the area, your policy provides coverage for additional living expenses for the time civil authorities prohibit access up to a maximum of two weeks.

Q. If my home does not have utilities such as power or water because of outages due to the storm but is otherwise habitable will you pay for the cost of a hotel and/or costs of meals to eat out?

A. No, there must first be direct damage to your home from a covered loss that makes the home uninhabitable. Wide-spread power and utility outages are considered consequential losses (not covered by the policy) and not direct loss (which the policy covers).

## **Food Spoilage**

- Q. If my home is not damaged but does not have power, and the food in my refrigerator and freezer spoils, will this loss be covered?
- A. No, your food in the freezer and refrigerator are considered part of your contents, which are covered only for specific named perils. Losses caused by spoilage or off-premises power failure are not covered perils. There must be direct damage to the contents on the premises by a covered peril before coverage can be triggered.

## **Tree Damage and Debris Removal**

- Q. Are my trees and plants covered for wind damage?
- A. No, the policy provides coverage for trees and plants only for specific named perils such as fire, lightning, explosion, aircraft, vehicles, vandalism and theft.
- Q. Is the cost to remove debris of downed trees on my property covered?
- A. Yes and no, it depends on the circumstances. The policy provides limited coverage for debris removal for trees downed by wind under certain conditions. For example:
1. If a tree falls and damages a covered structure, the cost to remove the tree from the structure is covered under the policy. However, once the tree is off the covered structure, the cost to cut up and remove the tree debris is limited to \$500 per tree up to a maximum of \$1,000.
  2. If a tree falls and does not damage a covered structure but blocks access to a driveway or handicapped ramp, the policy provides \$500 per tree up to a maximum of \$1,000 to remove the tree debris to restore the access.
  3. If a tree falls in the yard and does not damage a covered structure or block access to the property, there would be no coverage to remove the debris.

## **Flood Damage vs. Wind**

- Q. Does my homeowners policy cover flood damage?
- A. No, the policy specifically excludes damage caused by flood. If you have flood coverage with another carrier you should report the claim to them.
- Q. If I have a combination of wind and flood damage to my property, how will the loss be adjusted?
- A. Your homeowners policy does not provide coverage for flood damage or storm surge, therefore, damage attributed to wind and flood will be separated during the adjustment. Your homeowners policy will respond to the covered wind portion of the claim only. If you have a flood carrier they should address the flood damages.

- Q. Is wind driven rain from a hurricane wind damage or flood damage?
- A. Wind driven rain from a hurricane is not flood water until it hits the ground. Once the water is on the ground, it becomes flood/surface water. Wind driven rain damages are covered under your homeowners policy. Water that hits the ground and seeps or is blown into your home is considered surface/flood water and is not covered. If you have flood coverage you should report this damage to your flood carrier.
- Q. If I have a homeowners' policy and a flood policy, will I have to pay two deductibles, one on each policy?
- A. Probably, the homeowners and flood policies are separate contacts of insurance. Your homeowners' policy requires that its own deductible be met before it will be triggered to pay covered losses. Many flood policies contain a similar requirement; you need to check with your flood carrier to determine how the deductible under your flood policy functions.

## **Wind Driven Rain – Building and Personal Property**

- Q. If there is no direct wind damage to my home but wind driven water seeps in the roof or wall and causes damage is it covered?
- A. Damage to the building would be covered but damage to personal property would not. Coverage would respond to the water damage to the building, such as paint, carpet, etc., but would not respond to any water damage to personal property. Before coverage will respond to damage to personal property contained in a building caused by wind driven rain, the force of the wind must first cause damage to the building causing an opening in the roof or wall where the water enters.
- Q. If I have personal property outside the building such as lawn furniture that is damaged by wind, hail or flying objects, would it be covered?
- A. Yes, wind, hail and damage from falling objects are specified covered perils and damage to outside property would be covered.

## **Loss Settlements**

- Q. How will my covered loss be adjusted and paid?
- A. Once we have established the amount of the covered claim, your adjuster will discuss the coverage and settlement amount with you.

## Homeowners Associations

Q. How do Homeowners Association requirements affect the claim?

A. The wording within the homeowners policy provides the complete terms and conditions for what would be covered and payable in the event of a loss or damage. Any agreements outside the policy that the homeowner may have with third parties do not affect or alter the policy terms and conditions or coverage. As an example, if the homeowner belongs to an association that has rules or regulations requiring specific type or method of repair beyond the industry standards that increases the cost of repair after a loss the policy does not provide coverage to meet the requirement or increased costs. Additional Coverage provided under enforcement of Ordinance or Law applies to enforcement of regulations by government bodies and do not apply to enforcement of rules or regulations by Homeowners Associations.

Q. Are Loss Assessments from Homeowners Associations covered?

A. If your home is in a development that is subject to a homeowners association, the policy provides additional coverage for your share of a Loss Assessment charged against you during the policy period by the homeowners association. In general the coverage will respond under Section I to direct loss to property owned by all members collectively of the type that would be covered by the policy, if owned by you, caused by a Peril Insured Against. The coverage will also respond under Section II to a covered liability claim made against the homeowners association for bodily injury or property damage or liability of an elected member of the homeowners association that is not otherwise excluded under the policy. The maximum that will be paid under the policy for Section I is \$1,000 and Section II is \$1,000. The policy's AOP deductible applies to the covered loss amount regardless of the cause of loss under Section I and no deductible applies to covered losses under Section II. The date of loss is determined by the date the homeowners association made the assessment. In order to make a claim under the policy for the coverage the following documentation needs to be submitted to the company:

- A copy of the homeowners association's by laws. This is needed to determine each parties responsibilities, ownership of property and provides the rules for assessments.
- A complete copy of the assessment documents from the homeowners association, which should include but not be limited to, an assessment letter, the assessment statement and other documents including estimates that provide a detailed breakdown of the assessment, reason for the assessment, the property or injury involved and the cause of loss. This is needed so that the policy coverage can be applied accurately. As an example, the cost to remove trees downed by a storm that did not cause damage to property owned the association (i.e. property owned by all members collectively), or on roads are not covered under the policy. Conversely, the cost to remove trees downed by a storm from structures owned by the homeowners association would be covered under the policy.

The company will determine the amount of the covered loss under the policy for the loss assessment. The AOP deductible will be applied to any physical property damage loss and there will be no deductible applied to a covered liability loss. The remaining loss amount will be paid subject to the maximum of \$1,000.