



Consumer Alert

Nebraska Department of Insurance
402-471-2201 ~ Toll-free Consumer Hotline 1-877-564-7323
www.doi.ne.gov

Tips for Insureds Regarding Ice Storm Damages

Many businesses and homeowners have questions regarding insurance coverage following losses caused by ice storms and resulting loss of utility services. Insurance coverage and policy provisions will vary by specific circumstance and may also depend on the type of policy and accompanying riders that were purchased. Keeping in mind that situations and outcomes may differ, the Department of Insurance has provided answers to common questions. The following discussion offers general guidance. It is important to contact your insurance company or agent for answers to your specific situation.

Q: Because of the temporary loss of utility services, should my insurance company reimburse me for the cost of running a power generator?

The standard business owner's form excludes losses resulting from an interruption of power or other utility service originating away from the insured's premises. Some insurers offer optional utility service endorsements that may be added to the policy to provide coverage for direct damage. Optional utility service endorsements may also be available for business interruption policies. Some policies may include extra expense coverage if temporary measures are necessary to prevent further damage, but only if the further damage would be caused by a covered cause of loss.

Q: Is there anything else I should consider related to the loss of utility services?

Damage can also occur to property when power comes back on. To prevent valuable equipment from experiencing a power surge, safely unplug all appliances and electronics during the outage and plug them back in one at a time when electricity returns. If you expect temperatures in your building to fall below freezing, consider ways to drain or reduce possible damage to water heaters, pipes and plumbing fixtures.

Q: Will my business owner's insurance cover losses sustained due to the interruption of my business?

Business interruption coverage is available, but must usually be purchased separately from your standard business property and liability coverage. Covered causes of loss will also vary by policy. Generally, the same coverage guidelines discussed above for loss of utility services apply to business interruption coverage.

Q: What losses might be covered?

Other coverage may exist for resultant losses and for causes of loss specifically named in your insurance policy. Don't assume that you will have no coverage, simply because you have found that there is no coverage for specific items such as the cost to temporarily run a power generator. If in doubt, contact your insurance company or agent. Loss that might be covered include such things as collapse of structures due to the weight of snow and ice, water damage (other than from ground water), and damage resulting from frozen or burst pipes.

Q. Are the expenses associated with preventing further damage to my property covered?

Reasonable expenses associated with preventing further damage may very well be covered if the initial cause of loss is also covered. You should keep good records of your expenses and contact your insurance company.

Q: Am I covered if falling limbs damaged my car or because a structure collapsed on top of it?

If your car was damaged, that damage should be covered under the comprehensive coverage in your auto insurance policy. Make sure you notify your auto insurer if that company is different from your homeowner insurer. Damage to the garage or structure may be covered by a standard homeowner policy. Note that each policy would be subject to its own deductible.

Q: I lost power for several days during the windstorm and the food in my freezer thawed. Am I covered?

Individual policies differ, but this kind of loss in any event would be subject to your deductible, so an ordinary freezer full of food might not reach that level. (Average deductible: \$250 to \$500). Check your policy language and contact your agent to see if you have coverage for food damage due to power failure.

Q: I'm concerned about flooding caused by water backing up from our street. Will I be covered?

Your standard homeowner or renter's policy does not cover flood damage. Rising ground water, runoff and seepage also are not covered under a standard homeowner policy. This includes water from creeks and streams that overflow their banks, as well as runoff caused by clogged street drains, etc. Flood coverage is a specific type of coverage that must be purchased separately. Talk to your agent about the availability and qualifications for flood insurance. You might be covered under your homeowner policy for other kinds of water damage. Damage caused by rain that enters the home through a broken window or hole in the roof caused by a covered event, such as wind or falling tree limbs, is covered. Check your policy and check with your agent or insurance company if you have questions.

Q: My yard is covered with branches and other debris from the storm. None of them hit the house or my fence, so there's no property damage. Would the cleanup costs be covered in this case?

Standard homeowner policies typically pay for cleanup and debris removal of property actually damaged by a covered loss. This would mean your home, garage, fence, or other covered structure would have to first be damaged by the fallen debris requiring it to be removed. Standard homeowner policies do not cover the loss of trees and shrubs because of wind, ice, or snow. Check your policy for specifics related to coverage for trees, shrubs, and landscape.

Q: We couldn't take the lack of power any longer and moved to a motel. Am I covered for the additional expenses of living outside my home?

If your home is not habitable due to a covered loss, standard homeowner insurance typically covers your temporary, additional living expenses. There is a judgment call involved in deciding whether a home is habitable or not. Additional living expenses are those expenses over and above what you normally spend to live in your home. Also, remember that simple power outages are almost routinely excluded from coverage in most standard homeowner policies. You should check your individual policy and talk with your agent or company before making such a move. Be sure to point out any unusual circumstances, such as age of occupants or the state of their health, which should be considered. If the agent and company authorize you to move out, they cannot retract the coverage later.

Q: My television set was ruined when the power came back on. Am I covered?

Most homeowner policies cover appliances that are ruined by power surges, regardless of whether they are related to an outage. However, if the power surge merely damages a component of the appliance, such as a fuse that can be replaced, then the cost may be less than the deductible and insurance coverage may not apply.

Q: How should I go about filing a claim?

Contact your insurance company claims center or check with your agent regarding your insurer's procedures. Some insurance companies prefer to send an adjuster to your home or to first send you a claim form---"proof of loss" form---to complete. Some companies allow their agents to settle smaller claims.

Even if the adjuster comes first, the more information you can provide—descriptions of damaged items, photographs of the undamaged items, dates of purchase, replacement costs, etc.—the faster your claim can be processed. Take photographs of the damaged items if possible. Write down brand names and model numbers of appliances and electronic equipment. If your home suffered extensive damage and you do not have an inventory of contents, sit down and list the items of value that were in each room.

Do not dispose of damaged property without first contacting your insurer.

If, after contacting your agent or insurance company, you find that you still have problems or questions, the Nebraska Department of Insurance is available to assist you through our toll-free consumer hotline at 1-877-564-7323.