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ADMINISTRATION**

200 St. Paul Place, Suite 2700  
Baltimore, MD 21202  
1-800-492-6116 or 410-468-2000  
1-800-735-2258 TTY  
www.mdinsurance.state.md.us

# WEATHER RELATED DAMAGE

FREQUENTLY ASKED QUESTIONS  
ABOUT INSURANCE COVERAGE



**INSURANCE  
ADMINISTRATION**

Martin O'Malley, Governor  
Anthony G. Brown, Lt. Governor  
Ralph S. Tyler, Commissioner

While weather-related damage is out of our control, we can take steps to ensure that the recovery and reconstruction go smoothly. This brochure is designed to help you understand your insurance coverage if you have weather-related damage to your property.

## **AUTOMOBILE INSURANCE**

### **What coverage do I have?**

If you sustained weather-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 weather and you have comprehensive coverage on your vehicle, your insurance carrier will make you 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 coverage do I have?**

#### **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) minus a *hold back* amount reflecting the RCV 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 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." General homeowners policies DO NOT insure you against flood. Flood insurance is provided by the Federal government under a program run by the Federal Insurance Administration. 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 causes. Therefore, regardless of where your property is located, you may wish to consider purchasing flood insurance. Although it is a Federal program, you may contact your agent or insurance company to obtain information or you can call Federal Emergency Management Agency (FEMA) at 800-427-4661.

## **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 your 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 whether 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 that 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 that 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 jurisdiction has more recent building codes which you will be required to comply with in the rebuilding of your home and which will cost more money to comply with, you are generally NOT covered under your homeowners policy for these additional costs. As a general rule, homeowners policies exclude the costs

associated with complying with ordinances or laws regulating the construction of buildings. 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.

### **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 the costs of your additional living arrangements (hotel, trailer, apartment, etc.); including meals and other miscellaneous items. You will need to have ALL receipts (proof of payment) for your additional living expenses in order to be reimbursed. You should contact your agent for further details on this type of coverage.

### **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 the 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 local newspaper or on 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 to remove the debris.

### **DOWNED TREES**

Generally, if you have homeowners insurance, your policy may cover up to \$500 towards tree

removal. This limit of coverage applies to ALL the downed trees per loss and is not paid on a per tree basis. So regardless of whether you have two trees or 12 trees come down from the storm, you will receive only one payment from your insurance company, usually 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) usually will be included 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 one. 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 which have been 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 that 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, 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.