

## Insurance Tips

### Disaster Preparedness

Storms can cause a lot of damage to your automobile and property. This advisory gives you some general tips to help protect your financial investments in your automobile, home, and personal property before and after a disaster.

### Flood Damage vs. Water Damage



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Homeowners policies generally do not cover all types of water damage. While the terms of your policy will determine what types of water damage are covered and the amount of coverage available, homeowners policies generally do not cover damage from floods and may only cover some types of water damage. If your homeowners policy excludes damage from a flood, you may be able to purchase a Standard Flood Insurance Policy from the National Flood Insurance Program ("NFIP"). This 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.**

Water Seepage is a problem considered to be a maintenance issue and is generally not covered by homeowners insurance policies. On the other hand, if water overflows a sump pump or sewage enters your home through pipes or drains

designed to carry it away, your homeowners insurance may provide coverage **if you have purchased a water/sewer back-up endorsement.** If you have this coverage, most policies will pay for the damage done by the water or sewage that backs up into your home. The cost to repair or replace the pipe, drain or sump pump itself will not typically be covered. Review your policy with your Insurer or insurance producer (also known as an agent or broker) to learn about the scope of coverage available. If a pipe in your home suddenly bursts and water flows all over the floors, a homeowners policy will generally cover the damage caused by the water. The repair or replacement of the pipe itself is generally not covered.

### Storm-Damaged Vehicles



If your automobile is damaged as the result of a storm, your insurance may cover some of the damages if you have comprehensive coverage. **Comprehensive, or Comp coverage (sometimes referred to as Other Than Collision or "OTC")** covers damage from certain events other

than a collision, such as theft, vandalism, hail and flood or hitting an animal. The terms and amount of coverage will depend upon your specific policy. Comprehensive coverage has a deductible that is shown on your policy's declarations page. If your vehicle is damaged, it is important to know that insurers may declare your vehicle as a "total loss". Insurers typically declare a vehicle a "total loss" when the cost to repair the vehicle is greater than 75 percent of the fair market value of the vehicle immediately prior to the loss. Your insurer also can

consider your vehicle a total loss even if the known damage is less than 75 percent of the pre-loss fair market value if the cost to repair the known damage, plus the estimated cost of potential repairs for hidden damage and the expected cost of a rental vehicle exceeds 75 percent. Vehicles that have damage exceeding 75 percent of the fair market value must be labeled as "salvage vehicles."

**Tip-** Ask your insurance producer or insurer for details about what your policy covers. If your policy includes comprehensive coverage and your vehicle is damaged due to a storm, call your insurer or insurance producer as soon as you can to file your claim. The number to call is typically found on your policy insurance card. When you have a claim, take photos or video of the damage and take all necessary steps to prevent mold or

mildew from developing in your car if possible. If your vehicle is determined to be a total loss as a result of a storm and you have purchased comprehensive coverage, generally, your insurer has 10 business days to make a settlement offer. Maryland law requires that the settlement offer reflect the actual cash value of the vehicle prior to the loss minus the amount of your deductible, as well as applicable tax and transfer fees. If you decide to keep the "salvage vehicle," the insurer is allowed to reduce your settlement offer by the vehicle's salvage value.



### What is a Home Inventory List

A home inventory list is a list created by the homeowner or renter documenting items in their residence and the value of the items.

Creating a home inventory is important to help you determine the best insurance coverage for your personal property, as well as to show proof of personal possessions and the monetary value that you may request to be compensated for from your insurer should you experience a covered loss.

It is a good idea to update your inventory list once a year or anytime you purchase something of value.

It is also a good idea to include detailed documentation of your possessions including receipts, descriptions, and photo/video of the contents in your inventory list.



### How do I create a home inventory list?

We suggest creating an inventory list by sectioning off the home by room (kitchen, bedroom, garage, living room, etc.). Going through each room separately will help you keep things organized and reduces your chances of forgetting important items.

You can photograph and/or video each room and the exterior of your home. You should store your inventory list in a safe place, like a safety deposit box or fire proof safe, together with your home insurance policy and any pictures and receipts you have. If you have access to a scanner or have created your inventory list digitally, you can store it in the cloud.



The NAIC's checklist is available at: [https://www.naic.org/documents/index\\_disaster\\_section\\_inventory\\_checklist.pdf](https://www.naic.org/documents/index_disaster_section_inventory_checklist.pdf)

## What to Do After a Loss

While many losses may be out of your control, there are some steps you can take to help ensure the recovery process goes smoothly. Generally, it is a good idea to:

- ⇒ Contact your insurer promptly after sustaining a loss.
- ⇒ Take photographs and/or video of the damaged areas.
- ⇒ Make only those repairs necessary to prevent any further damage. Do not make permanent repairs before talking to your insurer.
- ⇒ Before you discard or dispose of any damaged property, be sure an insurance adjuster or your insurance producer has seen the damage.
- ⇒ Keep all receipts for emergency repairs and for temporary living expenses.
- ⇒ As soon as possible, prepare a detailed inventory of all damaged or destroyed property. Give a copy to the insurance adjuster and keep a copy for yourself. It should include:
  - A description and quantity of items.
  - Date and place of purchase and approximate age.
  - Cost – original purchase price and current estimate to replace.
- ⇒ Be present when your insurance adjuster inspects your property.
- ⇒ Do not accept an inadequate settlement offer
- ⇒ If your insurer denies any part of your claim, be sure they put the denial in writing and you keep all the paperwork.



### Upcoming Event:

#### Are You Ready?

Learn Tips to Prepare for A disaster. Help Protect You & Your Property.

**Virtual Event**  
**Wednesday September 16,**  
**2020**  
**1:00pm - 2:00pm**

<https://meet.google.com/qky-sbuz-eyc>

**Join by phone:**  
**(US) +1 413-438-4175**  
**PIN: 347 834 570#**

**Register on Eventbrite:**  
<https://tinyurl.com/y25hvbew>

The Maryland Insurance Administration (MIA) is the state agency that regulates the business of insurance in Maryland. If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. The MIA can investigate complaints that an insurer or insurance producer has:

Denied or delayed payment of all or portions of a claim

Improperly terminated your insurance policy

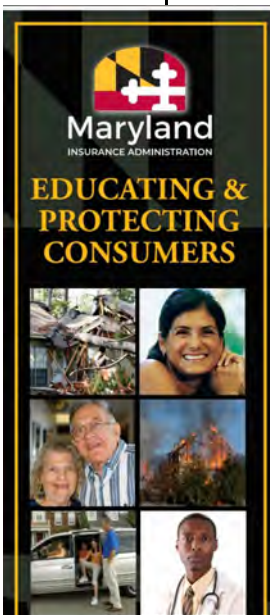
Raised your insurance premiums without proper notice or in excess of what the law allows

Made false statements to you in connection with the sale of insurance or the processing of insurance claims

Overcharged you for services, including premium finance charges

Contact the Maryland Insurance Administration at: 410-468-2000 800-492-6116 800-735-2258 TTY

<https://insurance.maryland.gov/Consumer/Pages/FileAComplaint.aspx>



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200 St. Paul Place, Suite 2700  
Baltimore, MD 21202  
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