

# WEATHERING THE STORM:

A POLICYHOLDERS  
GUIDE TO HURRICANE  
INSURANCE CLAIMS





Hurricane season brings uncertainty and a sense of trepidation each year. Can my house withstand hurricane winds? Is my neighborhood at risk for flooding? How might a storm affect my business? We attempt to hedge these risks with insurance because a major storm is always possible. It can be impossible to think rationally in the aftermath of a catastrophe, so preparation is necessary to reach a full and fair recovery.

# 01 KNOW YOUR POLICY

Discuss your insurance policy with your insurance agent to determine the type of coverage that you need and can afford. Different risks come with different prices, and policies offer different variables that lower the cost of insurance if a policyholder is willing to assume more risk. Policyholders should read their policies carefully to understand both the causes of loss the policy insures and the property it covers.

It is crucial to understand that an “all-risk” policy likely does not provide coverage for all risks, especially when it comes to hurricane damage. For example, a typical “all-risk” policy covers losses caused by hurricane winds but does not cover losses caused by flood waters that hurricane winds and rain can bring. A separate flood policy is almost always necessary to insure against the risk of catastrophic floods, both for a home or business and its contents.

A single policy can have varying deductibles for different causes of loss. While a policy might provide a fixed deductible for damage caused by fire, “named storm” deductibles can be a percent of policy limits. A homeowner might have a \$2,000 deductible for losses caused by fire, but a ten percent named storm deductible. If the policy limit is \$300,000, the insurer provides coverage only in excess of the first \$30,000 for damages caused by a named storm.

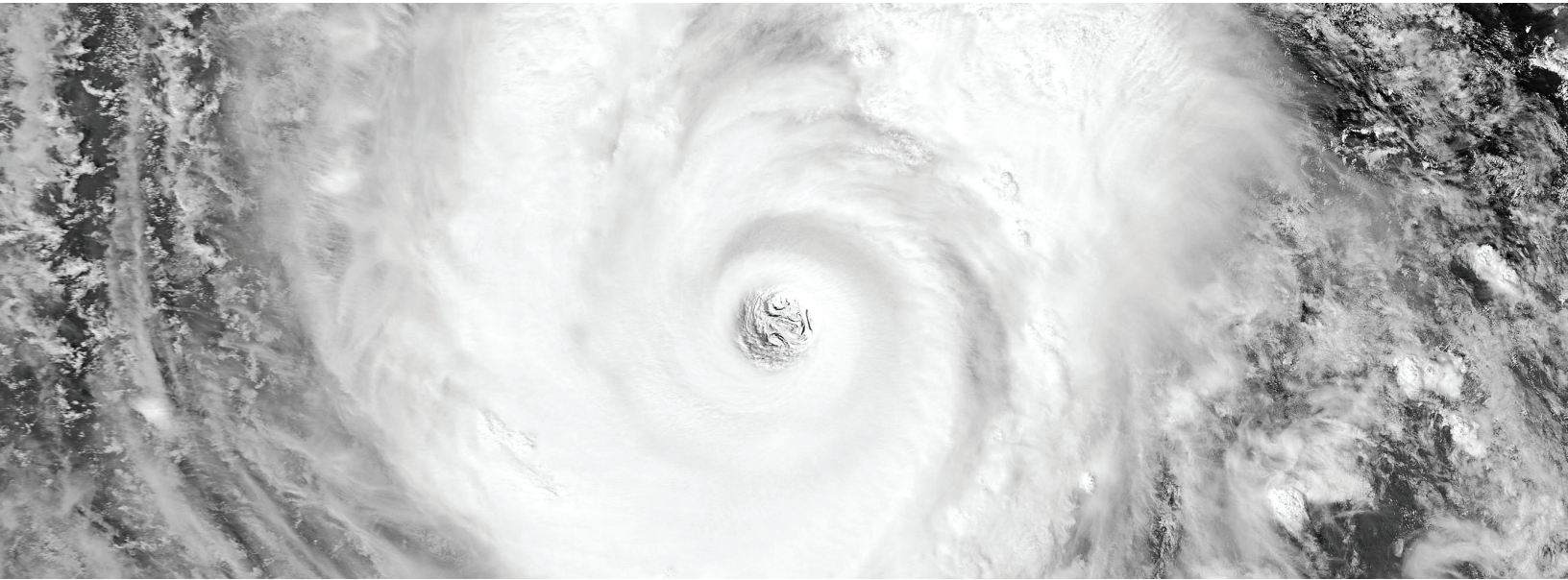
It is also critical to understand the type of coverage purchased. Insurers offer both replacement value and actual cash value coverage. Replacement value coverage permits a policyholder to replace lost or damaged property with new property. If a five-year-old television is destroyed in a catastrophe, a replacement value policy permits replacement with a new television. But actual cash value coverage provides only the cash value of the five-year-old television at the time of the loss.

To the extent a policy might provide coverage for alternative living expenses or business interruption, those coverages are generally subject both to a time deductible and a policy limit. If a hurricane renders a home uninhabitable or a business inoperable, the coverage begins after a designated number of days or weeks. During this time, the losses and extra expenses are borne by the policyholder.



# 02 DOCUMENT YOUR PROPERTY

To understand the coverage you need, document your property. Photograph the structure inside and out. Walk through each room in your home or business and photograph the contents—furniture, clothing, appliances, tools and machinery, office equipment, even pots and pans, linens, and towels. Take pictures of your property and your insurance policies and store them on a remote server or cloud. This will help you accurately estimate the amount of coverage you need. It will also help in the event you need to file an insurance claim.



# 03 BRACING FOR A STORM

In addition to securing your property, purchasing supplies, and deciding whether to evacuate or seek shelter outside of your home, make a plan for communicating with family, friends, employers, employees, business associates, and creditors. While the world can seemingly stop for those affected by a hurricane, it is just another day for the rest of the world. Set up a group text, communication chain, or a social media contact. Arrange for automatic payments, if possible, or have telephone numbers to pay creditors over the telephone.



# 04 AFTER THE STORM

After securing your safety, assess the damage to your property. Photograph broken windows, water intrusion, downed limbs, and obvious damage to the structure of a house or building. Unless it prevents a safety hazard, do not throw away any damaged item. If it is necessary to discard any property, photograph it first. Take steps to secure your property and mitigate against further damage, but do not start repairs without consulting with your insurer.

Next, contact your insurer. Keep the names and contact information for each representative or adjuster you speak with and take notes of your conversations. When large catastrophes occur, insurers may hire independent contractors to adjust claims. It is important to keep in mind that the insurance adjuster works for the insurer and not for you. Any insurance adjuster, including an independent contractor, may feel motivated to adjust claims quickly and with the insurer's financial interests in mind. If you question an adjuster's investigation or his expertise in assessing certain damages, contact the insurer. Request an expert evaluation or second opinion from a different adjuster. You may also consider retaining a public insurance adjuster to assist you with a claim and to negotiate with the insurer on your behalf.

Should you feel that an insurer has undervalued your property, delayed paying the benefits it owes, or if it refuses to provide benefits, seek advice from an attorney with substantial experience in first-party property insurance claims. Merlin Law Group has represented policyholders for more than thirty-five years. Our attorneys have represented homeowners, small business owners, school districts, municipalities, government entities, and even industrial farms that have suffered almost every catastrophe imaginable. If you need assistance, please call.

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