United Policyholders
Empowering the Insured

[Before catastrophe strikes](https://uphelp.org/before-catastrophe-strikes/)

http://www.timesunion.com/business/article/Before-catastrophe-strikes-4026362.ph…

People whose homes were damaged by Superstorm Sandy will soon find out whether they have the right kind of insurance and enough to rebuild.
In other recent disasters, one-half to two-thirds of homeowners discovered after the fact that they were underinsured, often by hundreds of thousands of dollars, according to surveys by consumer group United Policyholders.
After every major disaster, it seems, insurance companies find ways to limit coverage, and if you don't read the fine print in your policy, you may be unaware of so-called exclusions.
Although most policies have long excluded damage arising from war, after 9/11 some companies began excluding coverage for damage caused by terrorism.
After Hurricane Andrew in 1992, companies began inserting hurricane deductibles into standard homeowner policies. Instead of a flat amount such as $500 or $1,000, it's a percentage of the coverage limit, ranging from 2 to 5 percent, depending on distance from the coast.
If the home is insured for $300,000 with a 5 percent hurricane deductible, the homeowner must pay the first $15,000 in damages resulting from high winds or a named hurricane, depending on the trigger named in the policy.
Sandy was no longer a named hurricane when it reached shore, which will spare homeowners the steeper deductible, although they will still owe the regular deductible for wind damage.
Homeowners insurance does not cover flooding and storm surges, and those who failed to buy flood insurance will have to foot their own repair bills.
As always, the best time to find out what's in your policy is before a disaster, not after.
A standard homeowner insurance policy provides liability coverage up to a certain amount if someone is injured on your property or you or a member of your household hurts someone on or off your property) and you are held legally liable. The limit typically ranges from $150,000 to $500,000, but you can purchase additional coverage if you have assets to protect.
A standard policy also pays for losses to your property — up to a certain amount known as your dwelling limit, or Coverage A — resulting from certain events. These typically include fire, smoke, wind, hail, water

excluding floods), riots, explosions, ice or snow on the roof, volcanic eruptions, frozen or broken pipes, vandalism and theft.

You can purchase policies to cover damage caused by earthquakes and flooding, although they might not cover mudslides and landslides.

“If a mudflow is mostly water, it is covered by flood insurance,” says Tully Lehman, spokesman for the Insurance Information Network of California, an industry group. But if it’s mostly mud, flood insurance will not cover it.

Your policy will also cover your contents possessions) and outbuildings up to a certain percentage of your dwelling limit.

It also will provide money for additional living expenses if you have to move out while your home is being fixed.

Your dwelling limit should be “90 to 100 percent of what it would cost to repair your house,” says Robert Hunter, director of insurance for the Consumer Federation of America.

Most companies use computer models to guesstimate rebuilding costs, and since premiums are based on policy limits, “in order to be competitive, they tend to underestimate the replacement value of homes. That’s why so many people find themselves underinsured,” said Amy Bach, executive director of United Policyholders.

If you have an expensive home, your insurance company might send someone out for a site visit, or you could pay a home inspection service several hundred dollars for a rebuilding-cost estimate.

You could use an online calculator such as one at AccuCoverage.com $7.95). Or you could also talk to a contractor familiar with homes in your area.