

[ConsumerWatch: Does Your Insurance Policy Protect?](http://sanfrancisco.cbslocal.com/2011/10/17/consumerwatch-does-your-insurance-po...)

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The next day, a larger storm came. Water came through sewers and manhole covers to flood the streets, turning Capitola into a lake.

Home to many mom and pop shops already struggling to survive, dealing with the aftermath may have been even tougher than the flood itself.

Stores were forced to close down or move. The Federal Emergency Management Agency denied disaster relief, with many insurance companies following suit.

Carin Hanna of the Craft Gallery said at first, people were thrilled “because finally their flood insurance policy was going to pay off” but that was only until companies said it wasn’t a flood, but rather a broken pipe.

Hanna is one of the lucky ones; Craft Gallery is back in business thanks to her small private insurer, Golden Eagle, which found the broken pipe to be a covered cause of loss.

Joyce Murphy, who owns Pacific Gallery, has a different story. Murphy’s policy was almost identical to Hanna’s. But her insurer, The Hartford, said the winter storms were to blame for the flood and denied her claim

Insurance advocate Amy Bach said two insurers can come up with two completely different findings for the same disaster because of “different policy language.”

Bach and policy lawyer Gerry Mannion reviewed both Hanna and Murphy’s policies with CBS 5 ConsumerWatch. Mannion said that the primary difference between the policies was the “Efficient Proximate Cause” or what the caused the loss according to the insurer.

Mannion said, “It’s all because of this pipe, and that is covered cause of loss, that’s what Golden Eagle found.” But the Hartford seemed to see things differently.

ConsumerWatch provided The Hartford with further evidence that the flood was due to the broken pipe and asked the Hartford to reconsider its denial. Ultimately, The Hartford agreed and overturned its decision, covering Pacific Gallery’s claim.

The Hartford reversed its decision after seeing ConsumerWatch's research but other companies refused to consider a change after the research documents were sent.

"I don't know if you can trust an insurance company quite frankly, and yet you can't be without it," Murphy said.

Experts say having a good agent is critical; a good agent can vet one's policies and bat for them in a situation such as this.

In part two of the series, ConsumerWatch takes a look at the response by one of the largest insurers involved in the disaster and a policy clause to look out for.

The Hartford's statement to CBS 5 ConsumerWatch:

On further consideration of the unique circumstances of the Capitola flood, we have decided to cover Pacific Gallery's claim. We are committed to providing outstanding service to our customers. We denied coverage for Pacific Gallery's claim because the damage was caused by a flood. Pacific Gallery's policy does not cover flood damage. However, we recognize the pipe failure contributed to the flood.

Thomas Hambrick

Director of Corporate External Communications, The Hartford