

# Homeowners Insurance and Common Natural Disasters

## Quote Wizard

No matter where you live in the United States, there's a good chance you'll have to deal with one or more natural disasters or severe weather events.

After all, every part of the country experiences at least one peril or another—in some cases, it's hurricanes or tropical storms, while in other cases, it's tornadoes, snow, hail, floods, earthquakes, or some nightmarish combination of those potentially calamitous events—and usually on a regular enough basis.

As a result, if you own a home in California, Delaware, or anywhere in between, you'll want to make sure you're properly protected, especially from an insurance perspective, from the catastrophes that could damage or destroy your humble abode at any time.

Don't make the mistake of assuming that you and your house or condo are adequately covered, by the way, as if you're anything like the average American, you likely have less homeowners or condo insurance than you need to weather whichever disaster decides to zero in on your property rather than more.

In fact, according to the San Francisco-based non-profit and advocacy organization, United Policyholders, about two-thirds of U.S. homeowners would be underinsured if they were to find themselves on the wrong end of some sort of adverse weather or geological event.

With all of that said, here is a wealth of information related to the perils that are most likely to wreak havoc on each of this country's many regions and how the people who reside in them should prepare—by purchasing various types and amounts of insurance—both themselves and their homes to handle, as best as possible, the destruction or devastation that could result from them.

## Pacific States

If you call Alaska, California, Hawaii, Oregon, or Washington home, the natural disasters and weather events that are most likely to ruin your day—not to mention your house or condo—are earthquakes, tsunamis, volcanoes, wildfires, and high winds.

The probability of any or all of those catastrophes affecting you differs depending on where you live within these states, of course, but the fact is that each of the perils mentioned above have impacted Washington, Oregon, Hawaii, California, and Alaska in the past, and there's little doubt that they'll do so at some point in the future, too.

So, how can you ensure that your life savings won't go up in smoke should your home or condo get hit by an earthquake, tsunami, volcano, wildfire, or high winds? Here are a few pointers:

#### Earthquakes

First, earthquake damage and destruction isn't covered by your standard homeowners insurance policy. That's because the standard homeowners policies sold these days are a variation of a standard form called the HO-3, says Dan Wade, staff attorney for United Policyholders. "The more recent versions of the HO-3 have very limited coverage for household water damage—leaks and pipes—and expressly exclude coverage for a flood event and any type of earth movement," like what happens during an earthquake. In other words, if it would cost you \$500,000 to replace or repair your home, it would have to incur \$50,000 or \$125,000 in damage, depending on whether your deductible is 10 or 25 percent—and you would have to pay this amount out of your own pocket—before your earthquake policy would kick in and help out with the rest of your bills.

That's assuming you're able to obtain earthquake coverage at all. According to the Actuarial Foundation's and the Federal Alliance for Safe Homes' "If Disaster Strikes, Will You Be Covered?" report, "the closer a home is to a fault line, or sits on soil types with greater exposure to loss in an earthquake, the more limited insurance options may be because of the extreme risk of earthquake loss."

If you are able to obtain it, though, you'll likely be required to prove that your home has been bolted to its foundation before an insurer will extend this sort of endorsement or coverage to you—a renovation that can cost as much as \$6,000 depending on where you live as well as the size and style of your home. You also may have to agree to a property inspection or show that you've properly secured certain fixtures, like hot-water heaters, using strapping guards.

#### Tsunamis

Standard homeowners insurance also won't do much to protect you and your dwelling from a tsunami. For that, you'll need to invest in yet another stand-alone policy—although this time you'll have to pick it up via the federal government's National Flood Insurance Program. Earthquake coverage is much more accessible and can be purchased through any number of mainstream insurers.)

Thankfully, these kinds of policies generally are cheaper than earthquake-centric ones and usually ring up at about \$600 per year.

Just make sure your policy doesn't include an "anti-concurrent cause," United Policyholders' Wade warns.

This type of clause “limits) coverage when multiple perils combine to cause loss or damage. Wind and water is a good example.”

#### Volcanos

As for the volcanic events that could occur in your neck of the woods and damage your house or condo, they’re covered by your average, run-of-the-mill homeowners policy.

The only aspect of volcanos you have to worry about is if landslides, shock waves, or tremors that are associated with a volcanic eruption damage or destroy your home, you’ll have to dip into your own savings to pay to repair or replace it if you lack insurance that specifically addresses those catastrophes which in this case would be earthquake insurance).

#### Wildfires

Wildfire damage is covered by standard home insurance, too. The key here is to make sure that your particular policy provides you with enough coverage.

Specifically, Wade suggests reviewing your policy to see if it’ll allow you to rebuild your home from the ground up, should the need arise.

Why? In his experience, underinsured wildfire survivors often have to “borrow, seek charitable aid, or rebuild inferior or smaller replacement homes. Some are not able to replace their destroyed homes and end up living in rentals.”

To add insult to injury, Wade shares that “after the San Diego wildfires in 2003 and 2007, United Policyholders conducted studies and found an average of two-thirds of homeowners underinsured by an average of over \$100,000.”

Something else people in the Pacific Northwest should keep in mind: many insurers require homeowners in forested or mountainous areas to take precautions that will impede any wildfires that come their way. A couple of examples of precautions you could be asked to make include replacing your current roof with one that’s constructed out of fire-resistant materials and moving any items that are close to your home that could serve as fuel for an approaching wildfire.

#### High Winds

Although this part of the U.S. rarely has to deal with the hurricanes that hit some other areas of the country, it’s no stranger to strong winds—up to 60 miles per hour, in fact, especially during the winter months—that still can produce plenty of damage to dwellings and property.

The question is, is the damage produced by these winds protected by your standard homeowners policy? For the most part, it is—under the broad “windstorm peril” section of your plan, according to “If Disaster Strikes, Will You Be Covered?”

Specifically, if strong winds blow off part or all) of your roof, or knock down a fence, or drop a tree onto

your house, most of the resulting repair and replacement costs will be covered—to some extent, of course—by that form of insurance.

That said, there are some exceptions to this rule. For example, if a particularly harsh wind storm fells one of the trees in your yard and it doesn't damage your home or other structures in any way, you'll have to pay to have it and any related debris removed from your property.

#### Great Plains

Good news, those of you who own a home or condo in any of the Great Plains states that would be Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, North Dakota, Oklahoma, or South Dakota): most of the natural disasters that are likely to occur in your neck of the woods usually are covered by your typical home insurance policy.

That's important because, as Oklahoma Insurance Commissioner John Doak says of his state, "we have it all: tornadoes, wind, hail, flood, fires, and earthquakes."

#### Severe Thunderstorms

Homeowners insurance won't specifically promise to protect you from "thunderstorm damage," of course. What it will protect you from is damage to the structure or even contents of your house that's caused by lightning—such as if it strikes your roof, or hits some other part of your home and starts a fire—or damage that's caused by the hail that's liable to fall during a passing storm.

Speaking of hail, Doak says that in his neck of the woods, "hail damage usually outweighs tornado damage" when it comes to losses for insurers and policyholders alike."

Some exceptions to that rule, he adds, "are the large, violent, long-track tornadoes, such as the EF-5 twisters in 1999 and 2013. But, generally speaking, hail claims are usually more costly because hail storms are more frequent and they cover a much wider area than most tornadoes."

#### Tornadoes

According to the Insurance Information Institute, about 1,200 tornadoes touch down in the U.S. each and every year. A good number of them do so within the boundaries of Great Plains states.

These twisters produce wind gusts as powerful as 200 miles per hour, which means they can produce an enormous amount of property damage, too.

Just like with high winds, though, homeowners insurance usually addresses destruction caused by tornadoes.

Granted, it'll only pay out up to the coverage limits you chose when you bought your policy, so now's the time to make sure they're up to snuff. If they're not, look into raising your coverage limits.

Adds Doak: "I would urge them to review their policies to make sure they have replacement cost coverage on their home, contents, and roof. Learning this fact after the loss can be devastating."

Doak also suggests reading through the covered peril and exclusion sections of your policy. “If there are only 12 covered perils in the policy, know that some companies offer up to 16 covered perils. Also, there is a policy that covers everything except what is specifically excluded.”

Don’t be shy about getting quotes from multiple insurance providers if your current one isn’t offering you the best rates or the right coverage.

### Rocky Mountains

The states that are situated within this region—Colorado, Idaho, Montana, Utah, and Wyoming—are some of the most beautiful and majestic in the entire country.

Unfortunately, they also experience some of the most destructive—and least likely to be covered by your average home insurance policy—weather events and natural disasters, including the ones that follow.

### Floods

As was briefly mentioned earlier in the section devoted to the Pacific states), homeowners insurance usually doesn’t cover damage caused by flooding.

Don’t feel bad if this is the first you’ve heard of such a thing. United Policyholders’ Wade says many Americans wrongly believe their basic home policy protects them from flood damage.

Considering floods are the most common of all the natural disasters in the U.S., that could be a problem for homeowners who live in flood-prone regions.

Speaking of which, if you reside in a high-risk area, and you obtained your mortgage from a federally regulated or insured lender, you’ll be required to buy flood insurance through the National Flood Insurance Program. If you live in a moderate- or low-risk area, the government won’t force you to purchase it. Still, you can do so if your community participates in the NFIP.)

### Sinkholes

These geological features, which in the United States pop up mostly in areas known for soft bedrock (see Alabama, Florida, Missouri, and Tennessee) fall into the same category as earthquakes and floods. In other words, don’t count on your insurance provider to pay for losses that result from one of them appearing on or near your property.

That is, unless your home is located in Florida. If that’s the case, it’s likely any standard homeowners policy you buy will reimburse for damages related to “catastrophic ground cover collapse.” Likewise, insurers in Tennessee have to make sinkhole coverage available to customers for an additional price. Outside of those states, though, you may have to do a bit of digging if your goal is to protect yourself and your assets from sinkholes.

### Mudslides

Thanks to the mountainous terrain that is predominant in this region—hence its name—and the heavy

rains that sometimes fall on it, many homeowners who reside in the Rocky Mountain states have to give serious thought to the threat of landslides and mudslides.

And, of course, neither of these disasters are covered by a standard home insurance policy.

Though some of the damage that's often associated with mudslides can be covered by flood insurance, you're usually going to have to buy mudslide- or landslide-specific policy if you want to be completely protected from these dangerous and destructive—not to mention expensive—events.

As is the case with earthquake insurance, insurance that focuses on mudslides or landslides tends to be pricey—as in, it can cost more than \$1,000 per year, depending on the value of your abode, according to a recent NPR article.

It also tends to be tough to find, with many insurers refusing to sell policies to people who live in high-risk areas or areas that previously have been hit by either of these catastrophes.

#### Thunderstorms and Wildfires

People who call Colorado, Idaho, Montana, Utah, or Wyoming home also can encounter severe thunderstorms and wildfires from time to time.

Most of the home and property damage and destruction that's likely to result from these events are covered by standard insurance policies, though, so as long as you're adequately covered in that regard, you should feel free to sleep soundly at night knowing that you won't have to empty your savings account should either of them take aim at your particular neighborhood.

If you don't think you're adequately covered for these or other disasters, by the way, now's the time to check out all of the options that are available to you—which may mean talking to agents at various insurance companies and comparing the rates and coverage amounts they offer you.)

#### Upper Midwest

The four states that are usually considered to be part of the Upper Midwest—they would be Wisconsin, Minnesota, Michigan, and Ohio—definitely experience natural disasters like tornadoes and floods from time to time for more about how you can and should properly protect yourself from them, read the Great Plains and Rocky Mountains sections that can be found above), they're more often associated with snow—including the occasional blizzard—and periods of extremely cold temperatures.

Both of those situations can inflict a lot of pain and suffering on a house—as well as a homeowner's wallet, if he or she isn't properly insured. A few cases in point:

#### Cold Temperatures

When the temperature drops below the freezing point, and especially when it dips below zero degrees, it can cause pipes to burst.

#### Snow

If a large amount of snow is dumped onto your roof, it very well could cause it to collapse if it doesn't melt or if it isn't removed fairly quickly.

Luckily, even if all you have is a barebones homeowners policy, you should be well protected from an insurance perspective when you go to pay for any related repairs.

Your bank account also should be safe if you're hit by a blizzard and the strong winds that often are associated with it somehow damages your house or surrounding property. (Ripping shingles from your roof or toppling a tree that destroys your garage are two examples.)

What are some wintry situations that could prompt you to have to pay for home repairs or replacements out of your own pocket if you haven't invested in extra endorsements or stand-alone policies? One possibility is if your pipes burst because you failed to keep your house at an acceptably high temperature. Another is if your basement or some other part of your dwelling floods after all of the snow that's currently blanketing your lawn inevitably melts.

In the latter instance, an actual flood insurance policy—again, purchased through the NFIP—is going to be the only thing outside of your own hard-earned cash) that will come to your rescue, so if that's a real concern for you, you should consider going that route as soon as possible.

#### Northeast

Do you own a home in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, or Vermont? If so, the biggest threats—from a weather or natural disaster standpoint are floods, hurricanes, snow, and strong winds.

Three of those four perils were discussed earlier in this article, so if you reside in a Northeastern state and you want to make sure your homeowners insurance will provide for you if your humble abode becomes a casualty of flood, snow, or wind damage, check out the sections devoted to the Pacific, Rocky Mountain, and Midwestern states.

If you want to know more about how and when insurance can protect you and your home from a hurricane impact, however, continue reading.

#### Southeast

The men and women who live and work in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, or West Virginia are well acquainted with natural disasters and weather events making a mess of their homes and property.

That's because floods, hurricanes, thunderstorms, and tornadoes all are relatively common occurrences in the Southeast region.

As has been pointed out previously, almost all of the damage to your dwelling) that follows in the wake of a thunderstorm or tornado probably will be covered by a typical homeowners policy, while you'll need to

have a flood policy if you want repairs tied to flood-prompted damage to be picked up by your insurer. What about hurricanes? Here is some relevant information related to that type of peril:

#### Hurricanes

Homeowners in the Southeastern states as well as every other state that's situated along the eastern coast of the U.S.) are at risk of being hit by a hurricane at any time from June to November.

To limit their exposure to that risk, insurers serving those states sell home insurance policies that drop the dollar-based deductibles traditionally associated with this type of product in favor of percentage deductibles based on a home's value.

What that means is that if you insure your home for \$200,000, and it has a 5-percent deductible attached to it which isn't uncommon in the Southeast—although homeowners in some states, like Florida, often have to deal with deductibles that are double that amount), you'll have to pay for the first \$10,000 of a hurricane-based claim before your insurer will begin paying your claim.

Also, it isn't unusual for these kinds of deductibles to be divided into two separate categories, with one focusing on hurricane-specific damage and the other focusing on damage that's tied to other storms or events that involve heavy winds.

And don't forget: a basic homeowners policy won't cover flood-related damage. That's true even if the flooding is caused by or happens during a hurricane.

"Sometimes it's flood water that destroys a home while a hurricane is present instead of the wind," says Florida Chief Financial Officer Jeff Atwater. As a result, "either a separate flood policy or an endorsement to add flood as a covered peril to the homeowners policy must be purchased to have coverage."

#### Southwest

Last, but surely not least, there are the Southwestern states of the U.S., which consists of Arizona, Nevada, New Mexico, and Texas.

Any number of natural disasters or extreme weather events can affect this region, including earthquakes, floods, thunderstorms during monsoon season), tornadoes (although these are mostly limited to northern Texas), and wildfires.

If your goal is to be adequately insured against the threat of an earthquake, you'll have to purchase an earthquake endorsement or a stand-alone earthquake policy, as standard homeowners insurance doesn't cover earthquake damage.

The same is true if you're worried about the flash floods that sometimes result from monsoon thunderstorms, as flood damage also isn't covered by typical home insurance policies. That said, you'll probably want to make sure your house and property are located on a flood plain before you hand over your hard-earned money for this kind of product.)



Destruction caused to your dwelling as a result of a tornado or wildfire, on the other hand, mostly likely will be addressed by your existing homeowners policy.

As was mentioned earlier, your insurance company may require you to make a few changes to the exterior of your house and the property that surrounds it if they're located in an area that's especially vulnerable to wildfire.

And, of course, if you're not happy with what your current insurer is asking you to do in this regard, or if you think the rate it's charging you is too high or the amount of coverage it's offering isn't sufficient for your needs, check out its competitors by getting quotes from at least a couple of other companies in the homeowners insurance space.

Actually, even if you're perfectly—or at least mostly—happy with your existing homeowners policy, it wouldn't be the worst idea in the world to take a piece of advice shared in the “If Disaster Strikes, Will You Be Covered?” report and consult with your agent about the “perils you may be exposed to, and what perils are covered by [your] policy.”