

Hurricane Florence's next challenge: Dealing with insurers

CBS Money Watch

Soon after the still-rising flood waters from Hurricane Florence begin to recede, the rebuilding process in devastated parts of North and South Carolina will get underway. Insurers will have to write an estimated \$10 billion check for that, said the Consumer Federation of America (CFA).

But not everyone will wind up happy, least of all the property insurers who'll take a short-term hit to their earnings from this massive hurricane that morphed into rooftop-high flood zones. Hundreds of thousands of Carolinians — perhaps as many as a million — with no federal flood insurance will have to scramble for the resources needed to rebuild. And those who did have flood insurance will face an historically unyielding system of coverage that has already defrauded flood ravaged homeowners from previous hurricanes.

"Flood insurance claims after both Katrina [2005] and Sandy [2012] were handled very badly," said CFA Director of Insurance J. Robert Hunter, who once ran the National Flood Insurance Program (NFIP). Hunter went on to say this "should not deter you from seeking fair compensation for losses caused by Hurricane Florence. Insurers should not raise your rate for filing a claim or fail to renew your policy for filing it." The CFA's "action plan" parallels the advice given during a webinar by insurance broker Marsh, which represents many major U.S. businesses, as well as from other consumer advocates like Amy Bach, executive director of United Policyholders.

Some of the advice is common sense: Read your policy so you know what is and isn't covered. Document every contact with your insurer or its agents. Keep track of your claim number. Maintain receipts for meals and lodging if you had to leave home so you'll be able to collect "additional living expenses." And be sure to take pictures of the damage as soon as possible.

Bear in mind that your insurer has its own sources of information. "We call them 'early eyes,'" said Beverly Adams, head of visual intelligence and catastrophe planning for Marsh. Adams receives visual images from aircraft, drones and satellites — sometimes before the storm even passes.

Insurers usually send an adjuster to survey your specific damage. Be careful how you interact with him or

her. If an independent adjuster, as opposed to an employee, shows up, ask if this individual is authorized to make a claim decision and what company they actually work for, advised Hunter. In the past, some adjusters were encouraged to report that damage was minimal when, in fact, the home was off its foundation, a CBS 60 Minutes investigation showed.

Insurers often suggest a preferred contractor to make repairs, but “you’re under no obligation to use them,” Hunter added. “The repair costs may not fully compensate you for your damages.”

This is particularly true in areas of total devastation where contractors can virtually set their own prices for labor and materials. Be aware of whether building codes have changed since your home was constructed and will therefore cost a lot more to repair.

If your insurer “lowballs” the claim, take your appeal to higher ups at the insurer, advises Hunter. And if that fails, file a complaint with the state insurance department. Hiring a lawyer should be your final option. If an attorney can show that your insurer acted “in bad faith,” you could receive additional compensation.

Hunter agreed with United Policyholders’ Bach, who urged flooded homeowners to band together to get a fair settlement from their insurers. “Too many people find themselves in lonely battles with insurance companies,” said Hunter. “We have to make sure the survivors don’t face a second disaster in the shape of unfair practices by their insurance companies.”

Perhaps the most significant advice came from risk consultant Renata Elias of Marsh: “Now’s the time to think about the next crisis. This will not be the last hurricane.”