

Louisiana homeowners beware: Here's how the 'hurricane deductible' could limit Zeta claims

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Louisiana homeowners will likely face an unwelcome obstacle as they recover from the damage caused by Hurricane Zeta: the dreaded hurricane deductible.

Those deductibles, which became a nearly universal part of insurance contracts on the Gulf Coast after Hurricane Katrina, put the onus on homeowners to pay for a big chunk of damage costs before the policy kicks in — typically 2% to 5% of the insured value of their property after a named storm like Zeta.

For a \$200,000 house, that could mean as much as \$10,000 up front.

“A lot of people got a decent amount of wind damage, but I don’t think it was enough to take off an entire roof,” said Mark Glago, a New Orleans attorney who’s handled lawsuits against insurance companies. “It’s going to make making a claim either not worth it, or only worth a couple thousand dollars.”

The details of a hurricane deductible, also known as a named storm or wind deductible, should be spelled out in large type on the declaration page of a homeowner’s insurance contract, according to Louisiana Insurance Commissioner Jim Donelon.

Hurricane deductibles are different from the “all perils” deductibles for events like break-ins, house fires and dog bites.

Donelon expects the overall damage from Hurricane Zeta to be in the range of \$1 billion, compared to

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than the \$10 billion blow Hurricane Laura dealt to southwest Louisiana in August.

One major insurer in Louisiana said damage reports were already beginning to trickle in. A State Farm spokesman said the company has heard from some customers in Louisiana, Mississippi and Alabama, and more claims are anticipated.

On the individual homeowner's level, downed branches and missing shingles may not be enough to get a check from an insurer. But homeowners shouldn't simply write benefits off, industry experts said.

Some damages, like spoiled foods in powerless refrigerators, might not be subject to the hurricane deductible, according to Amy Bach, the executive director of the California-based nonprofit consumer advocacy group United Policyholders.

"You really just need to read your policy, because some policies have some things not subject to the deductible, and they're usually small," Bach said. "If there's no benefits that are available that aren't subject to the deductible, then the next thing, the so-important thing, is to get a really accurate tally of all the damage."

Homeowners should thoroughly document damage to their houses with pictures, Donelon said. They should also be mindful that they have an obligation to minimize additional damage to the extent reasonable without endangering their own safety, by putting tarps over roofs or tearing out wet carpets. Keep receipts of any expenses incurred.

Donelon also urged homeowners to file claims even if they aren't sure they will exceed the hurricane deductible. Under Louisiana law, insurers cannot increase premiums due to a natural disaster claim for customers who've had their policies for more than three years.

Perhaps insurance adjusters will be more favorable than homeowners expect.

Moreover, there's still one month more of hurricane season. Under Louisiana law, insurers can charge only one hurricane deductible per season — a provision that homeowners in Lake Charles have invoked after a pair of hard-hitting storms there this year.

Donelon also said it's also important to file claims early, because contractors could soon be in short

supply. “The sooner you can get your check and get a contractor, that will be really, really hard to come by in the aftermath of an event like this,” he said.

If insurance companies don’t help, there’s a possibility the Federal Emergency Management Agency will.

It can’t do so just yet, because the Category 2 storm hasn’t been declared a major disaster, an agency spokesperson said Thursday.

Gov. John Bel Edwards’ administration said he intends to seek such a declaration, but it will need to receive White House blessing before FEMA can open up a claims process.

President Donald Trump approved a separate emergency declaration Wednesday, but that was geared more toward helping the state ahead of the storm with operations like opening emergency shelters.

Edwards surveyed parts of the state walloped by Zeta on Thursday, and will go out again Friday with FEMA’s regional administrator by his side in an effort to build the case to the feds. A spokeswoman for the governor said he hopes the request will be quickly approved.

“Right now, FEMA is standing by to help once assessments are complete and the state understands the depth of the damages,” said Melissa Wilkins, a FEMA spokeswoman.