

[What might be lurking inside your next homeowner's policy](#)

CBS News

Hurricane Matthew wreaked a lot of damage in a rather short time, but property insurers have long memories — and clever lawyers. So keep an eye on the changes that will almost certainly be part of your next homeowner's policy.

If hurricane history is any guide, insurance companies will tighten restrictions on what they pay out for claims by using language that may seem obscure to the general public. They'll raise the premiums that homeowners and businesses pay for coverage and include some "deductibles" that weren't there previously — or weren't as big.

"People should be aware that to the extent insurers are paying out, they're going to try to get it back," said Jared Zola, who handles policyholders' claims for the law firm of Blank Rome in New York City.

Matthew wasn't the disaster once predicted, at least not for insurers, according to Lynne McChristian, who represents the Insurance Information Institute, the lobbying group for the property-casualty insurers.

That's because the bulk of the estimated \$4 billion to \$6 billion in losses came — and is still coming — from flooding, particularly inland in North Carolina, where the federal flood insurance program is on the hook for claims. Still, private insurance companies will be hit with claims for significant losses.

But when insurers lose money in a given quarter, they tend to make it back and show bigger profits in the next year or two. That's because insurers now charge more for less coverage.

So watch out. "Slight changes in policy wording can have dramatic effects," said Zola. For example, "flooding" used to be defined simply as "rising water" in many contracts, he said, as when a stream overflows its banks.

Now words like “storm surge” and “wind-driven water” mean coastal residents whose houses were inundated by 10-foot tides may have more problems getting their claims paid.

“Since Superstorm Sandy in 2012, a lot of language has changed,” said Zola. For one thing, Sandy wasn’t a “named storm” when it hit the Northeast coast. Many insurance policies had language that required that homeowners purchase a separate “hurricane deductible.” But because Sandy wasn’t listed as a hurricane, insurers were required to pay a lot more, particularly in New York City.

That’s unlikely to happen again.

Insurers should inform you of the changes in your policy upfront, and many do. But what they’re more likely to tell you is the increase in your premium, and then offer to negotiate: a higher deductible for a lower premium.

And that’s a decision homeowners strapped for cash, particularly after fixing broken windows and bailing out their basements, will have to make. But if the “deductible” is \$5,000 or more, what does your insurance really cover, apart from a total loss?

If the policy is too confusing, Zola recommends talking to your insurance agent or, if you’re running a business, your broker.

If you don’t have any assistance, here’s a simple suggestion: Put the new policy and the old policy side-by-side and compare the language line-by-line. Note any changes, and call your insurance company to ask what they mean.

And if that doesn’t work? “There may be plenty of other insurers who want your business,” said Executive Director Amy Bach of consumer group United Policyholders. “And if you really get stuck, most states offer last-resort programs to help you secure basic coverage.”