



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

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PRESS RELEASE

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Severe Weather and Your Insurance

Madison, Wis.—Spring weather can be severe weather, which is why Governor Jim Doyle has declared April 19-23, 2004 Wisconsin's Tornado and Severe Weather Awareness Week. In conjunction with the Governor's proclamation, the Office of the Commissioner of Insurance (OCI) is encouraging consumers to double-check their insurance policies to make sure they are properly insured for damage that may arise as the result of severe weather.

“A typical family's largest asset is their home and you want to make sure it's protected,” said Jorge Gomez, Commissioner of Insurance. “Insurance-wise, that means making sure you have adequate coverage. Homeowners who are underinsured risk having to pay out of pocket for a share of the cost to repair the damage or any costs above and beyond the limits listed on their policy. So make sure you know what is covered and for how much it is covered. In all cases, the insurance agent is the first person to contact about your policy.”

Homeowner's policies traditionally provide coverage for damage that is the direct result of severe weather. Generally this means hail and high winds—not flooding. To protect yourself against floods, a separate policy must be purchased from the National Flood Insurance Plan (NFIP).

Administered by the Federal Emergency Management Agency (FEMA), NFIP flood insurance covers direct physical losses resulting from floods, flood-related erosion, severe rainstorms, flash floods and mudslides. Most insurance agents can sell consumers a NFIP policy, but the insurance must be in place for 30 days before it takes effect. More information about NFIP is available from FEMA and their Web site <http://www.fema.gov/nfip>.

Damage resulting from sewer backup or sump pump problems is also rarely covered in homeowner's policies, but may be added through endorsements. Endorsements are a special coverage portion that adds additional coverage to the homeowner's policy. OCI recommends consumers review all endorsements closely before they are added to the policy. Different insurers offer different levels of coverage for sewer backups, so consumers should shop around to find the policy that best fits their needs.

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Consumers should also be aware that insurers can limit how much they are responsible to cover as a condition of the homeowner's policy. For example, policies with replacement coverage may limit the insurer's financial obligation to a percentage of the home's replacement value. In such a case, the consumer should determine how much they may be financially responsible for if damage occurs to their home that exceeds the insurer's commitment. These obligations can be found in the loss settlement explanation in the "Conditions" section of a homeowner's policy.

"Homeowner's insurance is not a magic bullet. All forms of insurance are contracts and each side has obligations they agree to live up to. Therefore, as with any contract, make sure you understand your responsibilities now, so that you can make the proper preparations and adjustments. A little planning now can save you time and money in the future if you have to make a claim," said Gomez.

If your home is damaged by a storm, consumers should take the following steps:

- 1) Arrange to make emergency repairs to lessen further damage
- 2) Notify your agent as soon as possible if you wish to file an insurance claim
- 3) Make a list of damaged items and start collecting their receipts
- 4) Take photographs of the damage for the insurance company
- 5) Don't throw away furniture or expensive items damaged by the storm. Your insurance adjuster will want to see these.

Before making a claim, consumers should determine if the damage is significant enough to warrant its reporting. For minor damage that is easily repaired, it may be best to not report a claim. Insurance companies track a home's "claims history" (the frequency of claims), and insurers can decide to not renew a policy if they determine the policyholder has become too great a risk compared with other policyholders. Thus, homeowners with relatively small claims in proportion to their deductibles may want to weigh the benefit of filing a claim versus the possibility of creating a higher-risk claims history.

More information about homeowner's insurance and filing claims, is available in two free OCI publications: *The Consumer's Guide to Homeowner's Insurance* and *Settling Property Insurance Claims*. Both are available as a free download from OCI's Web site <http://oci.wi.gov>. The *Homeowner's* guide is available in Spanish. A hard copy of the publications may be requested by e-mailing information@oci.state.wi.us, by calling 1-800-236-8517, or by writing OCI, P.O. Box 7873, Madison, WI 53707-7873.

Created by the legislature in 1871, Wisconsin's Office of the Commissioner of Insurance (OCI) was vested with broad powers to ensure that the insurance industry responsibly and adequately met the insurance needs of Wisconsin citizens. Today, OCI's mission is to lead the way in informing and protecting the public and responding to its insurance needs.

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Points to remember about homeowner's coverage:

- Wind damage to part of a roof or to one side of the home is usually covered. But, the insurer will not be required to replace roofing or siding materials that were not damaged. Negotiations with the contractor can get you the best result.
- Trees that fall onto your property often cause disputes over who is responsible for the damage or the clean-up. The owner of the tree will only be responsible if you can prove that the owner was negligent, thereby causing the damage. Be aware though, that this type of liability claim is often denied by insurers.
- Your homeowners insurance policy may have a limited amount of coverage available to remove your neighbor's tree (or your tree) that is blown over by wind and damages on to an insured structure on your property. Look for that coverage in the "Additional Coverage" section of your homeowner's policy.

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