Insurance Tips

Disaster Preparedness
Storms can cause a lot of damage to your automobile and property. This advisory gives you some general tips to help protect your financial investments in your automobile, home, and personal property before and after a disaster.

Flood Damage vs. Water Damage

Homeowners policies generally do not cover all types of water damage. While the terms of your policy will determine what types of water damage are covered and the amount of coverage available, homeowners policies generally do not cover damage from floods and may only cover some types of water damage. If your homeowners policy excludes damage from a flood, you may be able to purchase a Standard Flood Insurance Policy from the National Flood Insurance Program ("NFIP"). This policy defines "flood" as: a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties, at least one of which is your property from overflow of inland or tidal waters; unusual and rapid accumulation or runoff of surface waters from any source; mudflow; or collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood. Water seepage is not the result of a flood, you will not have coverage under your flood policy. For example, if surface water or sub-surface water seeps into your basement through a foundation wall or floor, a flood policy will not cover the damages. Generally, you will NOT be covered for the resulting damages under your homeowners policy either.

Problems from seepage are considered maintenance issues and are generally not covered by insurance. On the other hand, if water overflows a sump pump or sewage enters your home through pipes or drains designed to carry it away, your homeowners insurance will provide coverage if you have purchased a water/sewer back-up endorsement from your insurance company. If you have this coverage, most policies will pay for the damage done by the water or sewage that backs up into your home. The cost to repair or replace the pipe, drain or sump pump itself will not typically be covered. Review your policy with your insurance company or producer to learn the amount of coverage available. If a pipe in your home suddenly bursts and water flows all over the floors, generally a homeowners policy will cover the damage caused by the water. The repair or replacement of the pipe itself is not covered. Once again, you should review your policy with your insurance company or producer to learn more about the scope and amount of coverage your specific policy provides. insurance producer (agent or broker).

Storm-Damaged Vehicles

Comprehensive, or Comp, coverage (sometimes referred to as Other Than Collision or "OTC") covers damage from certain events other than a collision, such as theft, vandalism, hail and flood or hitting an animal. Comprehensive coverage has a deductible that is shown on your policy’s declarations page. Ask your producer (agent or broker) or insurer for details about what your policy covers.

If you purchase comprehensive coverage and your vehicle is damaged due to a storm, call your insurer or producer as soon as you can to file your claim. The number to call is typically found on your policy or insurance card.

When you have a claim, take photographs or video of the damage and take all necessary steps to prevent mold or mildew from developing in your car if possible. If your vehicle is determined to be a total loss as a result of a storm and you have purchased comprehensive coverage your insurer has 10 business days to make a settlement offer. The offer reflects the actual cash value of the vehicle prior to the loss minus the amount of your deductible. The settlement offer will include applicable tax and registration fees. Insurance companies are permitted to treat your vehicle as a total loss and this typically happens when the cost to repair the vehicle is greater than 75 percent of the fair market value of the vehicle immediately prior to the loss. Your insurer also can consider your vehicle a total loss even if the known damage is less than 75 percent of the pre-loss fair market value if additional costs, such as the cost of a rental vehicle or potential additional damage plus the known repair costs exceed 75 percent. Vehicles that have damage exceeding 75 percent of the fair market value must be labeled as "salvage vehicles." If you decide to keep the "salvage vehicle," your settlement offer will be reduced by the vehicle’s salvage value.
What is a Home Inventory List

A home inventory list is a list created by the homeowner or renter documenting items in their residence and the value of the items.

Creating a home inventory is important to help you determine the best insurance coverage for your personal property, as well as to show proof of personal possessions and the monetary value that you may request to be compensated for from your insurer should you experience a covered loss.

It is a good idea to update your inventory list once a year or anytime you purchase something of value.

It is also a good idea to include detailed documentation of your possessions including receipts, descriptions, and photo/video of the contents in your inventory list.

How do I create a home inventory list?

We suggest creating an inventory list by sectioning off the home by room (kitchen, bedroom, garage, living room, etc.). Going through each room separately will help you keep things organized and reduces your chances of forgetting important items.

You can photograph and/or video each room and the exterior of your home. You should store your inventory list in a safe place, like a safety deposit box or fire proof safe, together with your home insurance policy and any pictures and receipts you have. If you have access to a scanner or have created your inventory list digitally, you can store it in the cloud.

The NAIC’s checklist is available at: https://www.naic.org/documents/index_disaster_section_inventory_checklist.pdf
The Maryland Insurance Administration (MIA) is the state agency that regulates the business of insurance in Maryland. If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. The MIA can investigate complaints that an insurer or insurance producer has:

- Denied or delayed payment of all or portions of a claim
- Improperly terminated your insurance policy
- Raised your insurance premiums without proper notice or in excess of what the law allows
- Made false statements to you in connection with the sale of insurance or the processing of insurance claims
- Overcharged you for services, including premium finance charges

Contact the Maryland Insurance Administration at: 410-468-2000 800-492-6116 800-735-2258 TTY

https://insurance.maryland.gov/Consumer/Pages/FileAComplaint.aspx
This consumer guide should be used for educational purposes only.

It is not intended to provide legal advice or opinions regarding coverage under a specific insurance policy or contract; nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide.

Please note that policy terms vary based on the particular insurer and you should contact your insurer or insurance producer (agent or broker) for more information.

This publication has been produced by the Maryland Insurance Administration (MIA) to provide consumers with general information about insurance-related issues and/or state programs and services. This publication may contain copyrighted material which was used with permission of the copyright owner. Publication herein does not authorize any use or appropriation of such copyrighted material without consent of the owner.

All publications issued by the MIA are available free of charge on the MIA’s website or by request. The publication may be reproduced in its entirety without further permission of the MIA provided the text and format are not altered or amended in any way, and no fee is assessed for the publication or duplication thereof. The MIA’s name and contact information must remain clearly visible, and no other name, including that of the insurer or insurance producer reproducing the publication, may appear anywhere in the reproduction. Partial reproductions are not permitted without the prior written consent of the MIA.

Persons with disabilities may request this document in an alternative format. Requests should be submitted in writing to the Director of Communications at the address listed above.