

Insurance Issues In Edenville And Sanford Dam Failures

Many Homeowners, Renters and Commercial Property insurance policies do not cover damage caused by flooding. However, you must determine the precise language of your insurance policy and whether any exceptions to the exclusions apply. For example, water or mud that causes a fire or explosion may be covered. Typically, many policies have some variation of a "water damage" exclusion which state:

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

* * * *

g. Water

- (1) "Flood," surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or sewage that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.
- (a) Awnings, gutters and downspouts;

But if Water, as described in Paragraphs (1) through (4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

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"Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas, whether caused by natural occurrences, acts or omissions of man or any other cause or combination of causes.

However, you must file your claim to preserve it. Many insurance policies require that you do so and that you cooperate with your insurer and protect the property from further loss:

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage, include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing an analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

1. File a claim with all applicable Homeowners, Renters or Commercial Property insurers.

- a. Immediately, contact your insurance agent or your insurer's claims department. Tell them you need to file a property damage claim because of Edenville and Sanford Dam failures. They will likely want you to submit a Notice of Loss. Even if they advise your claim isn't covered, insist on filing a claim and receiving a written claim determination for your insurer.
- b. After documentation (#4 below), don't throw away any of the damaged items until the insurance adjuster visits your home and approves their disposal or your claim is formally denied by your insurer.

- c. Keep receipts for all repairs or replaced items and any additional living expenses that you incur because of the loss.
- d. You may also want to get repair estimates from contractors, but do not sign any contracts or make commitments until your claim and these repair estimates are approved by your insurer.

2. File a claim with all applicable flood insurers.

Same as 1., above. Homes and businesses in high-risk flood areas with government-backed mortgages are required to have flood insurance. Some lenders require flood insurance even if it is not federally required or if you live outside of the high-risk area.

To protect against solely against flood damages, separate insurance coverage is available through the federal government's National Flood Insurance Program (NFIP). This NFIP policy covers direct physical losses to your structure and belongings caused by a flood. The NFIP offers two types of separately purchased coverage – building coverage and contents coverage. Flood insurance does not require a Presidential Disaster Declaration.

3. File a claim with all applicable automobile insurers for damaged or destroyed automobiles.

Same as 1., above. Comprehensive coverage in automobile policies typically does not have any exclusions for water damage to motor vehicles.

4. Document the loss.

- a. Take photos of all damaged and destroyed property.
- b. Prepare an inventory all damaged and destroyed property.
- c. Document all telephone calls and correspondence with your insurance company or its adjusters. Where possible, communicate via email to have a record of these conversations.

5. Explore other options.

If your damages aren't covered by insurance documenting your loss information is important for: (1) FEMA grants or loans; (2) determining your damages in the lawsuit against the responsible parties; and (3) tax deductions for your uninsured casualty losses.