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I N S U R A N C E

Check Your Coverage Amid Storm Season

Adverse weather, such as high winds, heavy rain, hail and tornadoes, can cause extensive damage to homes and vehicles. Therefore, homeowners and drivers like you need appropriate insurance coverage, including policies and endorsements designed to provide financial protection against storm damage.

Common Home Insurance Coverage Gaps

Many homeowners don't fully understand how coverage gaps can negatively impact their ability to recover after a storm damages their property. It's crucial to review your current home insurance policy with your agent to determine whether coverage gaps could leave you financially vulnerable in the event of a severe storm.

One common coverage gap is flood insurance. Many homeowners mistakenly believe that their standard home insurance policy covers flood damage. If you have concerns about potential flood damage or live in an area where flooding is common, your agent can help you get a separate flood insurance policy. Flood insurance policies are often issued through the National Flood Insurance Program and may help cover damage caused by rising water, including damage from storms, hurricanes and other weather-related events. However, it's important to note that there is typically a waiting period of 30 days before flood insurance coverage takes effect. As such, purchasing flood insurance well before a storm is vital. Some private insurers may also offer flood insurance.

Most standard homeowner's insurance policies do not cover damage caused by water that enters the home through the sewer system or the sump pump. To protect against these types of losses, you can purchase an endorsement or a separate policy to help cover water backup and sump pump failure up to a certain dollar limit.

You should also be aware of the property damage limits in your policies. Most standard homeowners insurance policies help financially cover damage to a home and its contents from covered perils up to a certain limit. If the cost of repairs or replacement exceeds this limit, homeowners may be responsible for paying the difference out of pocket. Review your property damage limits with your agent to ensure that you have adequate coverage if a severe storm causes extensive damage.

Additional living expenses (ALE) coverage may help cover the costs of living elsewhere if an insured home is damaged in a storm or other covered event and cannot be occupied. ALE coverage is typically a percentage of the dwelling coverage limit in the homeowners insurance policy. For example, if the dwelling coverage limit is \$300,000 and the ALE coverage is 20%, then the ALE coverage limit would be \$60,000.

ALE coverage may help cover hotel or rental home costs, restaurant meals and other expenses incurred while your home is being repaired or rebuilt. It's important to note that ALE coverage only covers expenses above and beyond your normal expenses, such as rent or mortgage payments.

Homeowners insurance policies may cover food loss due to electrical outages caused by a covered peril, such as a storm, lightning strike or power surge. However, the coverage provided for food loss is typically subject to certain limits and deductibles and may vary depending on the policy and the insurance provider. If you store large amounts of food on your property, discuss your food loss coverage with your agent to determine whether a food loss endorsement may provide appropriate coverage.

Common Auto Insurance Coverage Gaps

Drivers should be aware of common coverage gaps that could create financial vulnerability in the event of a severe weather event.

- **Comprehensive coverage**—Comprehensive coverage may help financially cover damage caused by events other than a collision, such as theft, vandalism and natural disasters. Comprehensive coverage might not be right for every situation, but without it, you would be responsible for repairing or replacing the vehicle if it's damaged by severe weather.
- **GAP insurance**—If an insured vehicle is damaged by a storm and the comprehensive coverage payout from the insurer doesn't cover the vehicle owner's debt, they may have to pay the remainder out of pocket. Guaranteed asset protection, or GAP, insurance is an optional coverage that can be added to your auto insurance policy to help cover the "gap" between the actual cash value of a vehicle and the total amount of money required to pay off the car loan or lease.
- **Liability coverage**—In most states, drivers must maintain minimum amounts of auto liability coverage to help cover the cost of third-party injuries and property damage. However, the liability coverage limits may not be enough to cover the total cost of third-party damage claims. For example, if you cause an accident due to hydroplaning on a wet road during a storm, the cost of damages to other vehicles and property may exceed your liability coverage limits.
- **Rental car coverage**—If a vehicle is damaged in a storm and requires repairs, it may be necessary to rent a car. However, rental car coverage is an optional type of coverage that many drivers choose not to carry. Without rental car coverage, the driver would be responsible for 100% of rental car costs while the vehicle is being repaired.

Make Sure You Have Appropriate Home and Auto Insurance Coverage

Severe storms can cause significant damage to homes and vehicles, leaving homeowners and drivers with expensive repair bills. To ensure maximum protection, it's essential to understand common coverage gaps in home and auto insurance policies and take steps to fill those gaps. By purchasing additional coverage or increasing policy limits, you can help protect against the financial impact of storm damage.

Your home and auto insurance policies are highly customizable. Don't wait until it's too late to find out if you have adequate auto and home insurance coverage. Contact Sahouri Insurance today to tailor your coverage to meet your needs and ensure you're protected and prepared for unexpected events.

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