

FLOOD DAMAGE, OR DID THE WIND DO YOU IN?

Understand the differences, and why you need to protect against both

"Anywhere it rains, it can flood." – National Flood Insurance Program
Profound? Not likely, but this simple statement from the National Flood Insurance Program (NFIP) encapsulates the need to protect your business assets from water damage caused by flooding. NFIP's website (www.floodsmart.gov) notes that "many conditions can result in a flood: hurricanes, broken levees, outdated or clogged drainage systems, and rapid accumulation of rainfall."

If you live and work on the Texas Gulf Coast, this probably sounds familiar. There have been many nasty tropical storms and hurricanes in recent years, and all indications are that the severity of nature's wrath will continue. When Hurricane Ike hit the U.S. coastline in September 2008, it became the third most destructive and costliest hurricane ever to make landfall in the United States. In its wake, it left a vivid picture of the destructive nature of both high winds and flood surges.

But how can you tell if damage is a result of high winds or flooding?

"The key to flooding is rising water," says Patty Templeton-Jones, vice president, Fidelity National Property & Casualty Insurance Group. "With flood damage, you're usually going to see a water line."

The presence of rising water is important. If the roof of your town hall blows off during a hurricane and the contents of offices are subsequently damaged from rain coming through the exposed ceiling, that's a result of wind damage—not flood damage.

In some coastal areas, neither wind nor flood damage is covered under a typical commercial property policy. As a result, it is important for cities, towns, and other municipalities to review their policies and figure out whether to purchase separate wind or flood coverage for some or all properties. While wind policies may vary depending on the carrier, flood

insurance terms and conditions are set by the federal program. So each carrier's policy will be the same.

Assessing Wind versus Flood Damage

In general, when assessing wind and flood damage, it is important to note that it really doesn't matter which came first. Your wind policy will cover your wind damage, and your flood policy will cover any flood damage.

Templeton-Jones explains that insurance adjusters look at three key factors in differentiating flood damage from wind damage:

- Information from the National Oceanic and Atmospheric Administration and local weather bureaus, which can help adjusters assess wind strength and direction and storm surges.
- Debris lines (and flood lines), which are a sign of flood damage.
- Mold, which can also be a sign of flood damage.

In addition, adjusters will occasionally look at a property's elevation certificate. The purpose in doing so is to assess whether the policy was accurately rated when it was first issued, and to check for possible inclusions and exclusions.

Templeton-Jones notes that disagreements over whether a building is damaged as a result of high winds or flooding are fairly rare. "The flood adjuster is there to do just that: look at the damage. The wind adjuster is looking for wind damage," she says. "When they disagree, we will bring in an engineer to look at everything."

What You Can Do to Help

Not surprisingly, the best thing you can do to ensure a smooth process

in case of disaster is to keep good records. Templeton-Jones advises city administrators to take pictures of each property and its contents so you have a visual "before" image of your intact space. In addition, itemize everything. For office spaces, list everything from furniture to hardware to office supplies. This will help you quickly prove your losses, especially if everything has been washed away.

After a disaster, take pictures of the destruction. If you start to clean up before your insurance adjuster can reach you, be sure to photograph and save the contents. If you are taking damaged equipment out of the office, don't let the county collect the debris until after your adjuster has seen it. And if you're pulling up wet, moldy carpet, save a piece for the adjuster to inspect.

One more thing to keep in mind: it is important to sign your proof of loss document. Signing the document

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merely allows your insurance company to pay for undisputed damages. Contrary to some misconceptions, it doesn't bar you from making supplemental claims if you find further damage down the road. In fact, the damage often doesn't appear until years later and, if the damage is from a flood, your federal flood policy will pay for it. Templeton-Jones points out that her company is still paying supplemental claims from flooding events in previous years. ♦

Public Domain thanks Patty Templeton-Jones, vice president, Fidelity National Property & Casualty Insurance Group, for her assistance: 601 Riverside Avenue, Building 5, Suite 200, Jacksonville, FL 32204; tel: 904-997-7353; email: ptempleton-jones@fnf.com.

2009 ATLANTIC HURRICANE SEASON PROJECTIONS AND RECENT HURRICANE DATA

2009 Names		2007 Results		2009 Projections	
Ana	Larry	Total depressions:	17	Total storms:	14
Bill	Mindy	Total storms:	15	Hurricanes:	7
Claudette	Nicholas	Hurricanes:	6	Major hurricanes (Cat 3+):	3
Danny	Odette	Major hurricanes (Cat 3+):	2		
Erika	Peter				
Fred	Rose				
Grace	Sam				
Henri	Teresa				
Ida	Victor				
Joaquin	Wanda				
Kate					
		2008 Results		Averages from 1950 - 2000	
		Total depressions:	17	Total storms:	9.6
		Total storms:	16	Hurricanes:	5.9
		Hurricanes:	8	Major hurricanes (Cat 3+):	2.3
		Major hurricanes (Cat 3+):	5		

Source: Colorado State University

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