Tornado and Severe Weather Insurance Checklist

(Sourced from PropertyCasualty360 – by Jayleen R. Heft – Tornado and Severe Weather Insurance Checklist)

It’s that time of year, again. Severe thunderstorms, damaging winds, large hail and tornadoes are currently in the forecast for large portions of the United States.

Tornadoes can strike in any season, but occur most often in the spring and summer months, according to Ready.gov.

Damage caused by tornadoes is covered under standard homeowners’ and business insurance policies, and under the optional comprehensive portion of an auto insurance policy, according to the Insurance Information Institute.

Make sure your insurance clients are prepared for severe spring weather, including tornadoes, with this handy home and auto insurance coverage checklist, created from recommendations by Mila Araujo, who has almost 20 years experience in the insurance industry in roles from customer service and sales to underwriting and management, and is an author for the personal finance website, the balance:

1. Verify your home is insured for its current value.

The biggest risk you may face if your home suffers major damage during a severe storm or tornado is being underinsured. With changing costs of construction materials and labor, home insurance reconstruction costs have increased over the years.

Some policies include guaranteed replacement cost, but the limit may be capped. Inquire about policy endorsements available to you to guarantee you are fully covered in a major loss.

2. Find out what kind of home insurance policy you have.

Do you have an All Risk or Open Perils policy to ensure the maximum protection for your home and personal property?

3. Find out if you have a specific deductible in the event of a tornado or windstorm.

Higher risk areas may impose higher deductibles.
4. Understand the claims process before you have to make a claim.

Find out what the basis of claims payment will be. Do you have Replacement Cost, Actual Cash Value (ACV) or a Replacement Value with Cash Out Option? Cash Out options are less common and only available for high-end insurance policies.

5. Does your policy have any special limits or policy features?

You may want to purchase additional protection for valuable items, such as jewelry or collections.

6. Prepare an inventory of the contents in your home, including contents in additional structures like tool or garden sheds.

Take video while you walk around your property or take photos and store these in a safe place, ideally with copies off-site or in the possession of someone you can trust.

7. Find out what kind of coverage you have if there is a power failure.

8. Find out what your limit is for Additional Living Expenses (ALE) and how you can expect the coverage to work.

During a devastating loss, like damage to your home from a major windstorm or tornado, you may not be able to live in your home while repairs are done in the area, or to your property. This coverage will be vital in major losses. Homeowners who have a mortgage will still be expected to pay that loan back while the home is being rebuilt.

Additional living expenses cover the increased cost of living due to the displacement, and this includes that extra rent you will have to pay for your temporary home or the higher costs of food if you have to eat out because you don’t have a kitchen to make your meals in for a while.

9. Make sure your car insurance includes comprehensive coverage, for damage such as hail, falling objects and windstorms.

Vehicles are at risk to all kinds of damage in storms.

10. Ask if you have coverage for a rental car is your car needs repairs.

It’s nice to have insurance coverage that replaces or repairs the vehicle, but the time you spend without a car while you wait to get your vehicle back can be challenging. If you need your car during that time, it could cost you a lot of money to rent one. Coverage for a rental loaner, while your car is repaired, is not expensive to add to your policy.
11. If you have a vehicle in “storage” make sure you haven’t forgotten about coverage (or deleted coverage) while it’s in storage.

Liability coverage will not protect your car from physical damage that often occurs during storms and tornadoes.

12. If you sustain storm damage, contact your insurer as soon as possible and start the claims filing process.

After tornadoes and other disasters, insurance companies will reach out to those with the worst losses first.

13. Do you have flood insurance?

The risk of flood is substantial and it’s constantly and rapidly changing. Currently, only about 6% of the U.S. population is insured for the perils of flood.

Choosing flood insurance used to be a relatively simple decision. Property owners had two options: no insurance or one-size-fits-all, government-issued insurance through the National Flood Insurance Program (NFIP).

Now, there are more choices. Private flood insurance is growing more robust, bringing new and relevant options that were never available before, such as coverage for additional living expenses, enhanced basement coverage and increased limits for various risk classes.