**QUESTIONS AND ANSWERS ABOUT STORM-RELATED INSURANCE COVERAGE IN NEW JERSEY**

**Q. How do I know what caused the damage to my home for insurance purposes?**

Most storm/hurricane losses happen as the result two major forces: wind and rain. If forces act together and cause a loss, most states courts look to the “efficient” proximate cause, or the “initial moving cause,” to determine whether there is insurance coverage. If that cause is covered, insurance coverage will apply.

If you have questions regarding your coverage and you aren’t getting answers from your insurer or your agent, give us a call for a free consultation to see if we can help.

**Q. Can causes of damage be excluded so that I will have no coverage for my storm related damage?**

Many homeowners’ policies contain what are called “concurrent-cause exclusionary endorsements”. These exclusions eliminate coverage if a loss is caused – ***in any part*** – by an excluded cause (like flooding).

At least one court in New Jersey has upheld these kinds of exclusions. So if the cause of damage is wind **AND** rain **AND** flooding, coverage for all damages may be voided if your policy excludes coverage for flood-related damages.

If your homeowners’ policy excludes flooding and you live in areas exposed to hurricanes, you may have flooding coverage through the National Flood Insurance Program.

**Q. Are concurrent cause exclusions valid even if they eliminate all of the storm-related coverage for which I paid?**

At least one court in New Jersey has upheld concurrent-causation exclusion endorsements. In that case, the dispute was whether the damage to the insured was caused by a backup of water through the sewage system due to a storm, or inundation by surface water/flood water. The court decided that, under the terms of the insurance contract, if any portion of the loss was caused in any part by surface water/ flood water, the insured could not recover.

However, the New Jersey Appellate Division has suggested that these clauses should not apply.

If your insurance policy has these exclusionary provisions, or you are being told that the policy contains such provisions, give us a call to discuss your potential claims.

**Q. Do I have to pay a “hurricane deductible” on my damage claim?**

No. The New Jersey Department of Banking and Insurance (“DOBI”) issued a decree instructing insurers that hurricane deductibles cannot apply to Sandy because the storm was not a hurricane. DOBI Acting Commissioner Ken Kobylowski announced that the National Weather Service changed the storm designation for Sandy from “hurricane” to “post-tropical cyclone” just before the storm came ashore in New Jersey. Hurricane deductibles, therefore, cannot be triggered.

**Q. My property was severely damaged, should my property taxes remain the same?**

No. You can have your property reassessed because the damage happened between October 1 and January 1, but you must notify the property tax assessor of the damage before January 10, 2013.

If you have damage to your property that has reduced the property’s value, please give us a call to discuss your damages.

**Q. What does flood insurance cover?**

Generally, flood insurance policies offered through the National Flood Insurance Program provide maximum coverage of $250,000 for property and $100,000 for contents. The coverage for contents and property are purchased separately, even if they are under the same policy.

**Q. Is there a waiting period for flood insurance to become effective?**

Typically, there is a thirty (30) day waiting period flood insurance goes into effect. Homeowners who waited until news of Sandy to purchase flood coverage may find themselves without coverage for Sandy. There are some exceptions to the waiting period.

**Q. What does flood insurance pay for contents?**

Flood insurance pays actual cash value for covered contents. This means that you are paid the cost to replace the damaged or lost property based on its actual, depreciated value (i.e., used goods).

**Q. What does flood insurance cover for property?**

Flood insurance can provide replacement cost is available if the property is owner occupied (i.e, the full cost to replace up to the program maximum). All second homes and businesses get actual cash value (i.e., replacement cost minus depreciation, as determined by the adjuster).

**Q. What does flood insurance cover for below ground contents?**

Almost all personal property (like your clothing and electronic equipment) located in the areas of your home below the lowest elevated floor (like your basement) are not covered

**Q. Does flood insurance cover damage to my finished basement?**

Flood insurance does not cover improvements made to basements (e.g., walls and floors).

**Q. Does flood insurance reimburse my living expenses while I was forced out of my home?**

No. Flood insurance does not pay for any living expenses (like hotel costs). Also, financial losses caused by flood related interruptions of a home-based business are not covered.