

Sandy leaves behind a deluge of repair needs

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Hurricane Sandy has left the region, but that is small comfort to homeowners now faced with repairing damage and paying for it.

Estimates so far, including one from Eqecat Inc., an Oakland, Calif. provider of catastrophic-risk models, have placed economic losses at up to \$20 billion and the top range of insurance claims at \$10 billion.

CoreLogic, the Irvine, Calif., real estate data provider, said Monday that 20,283 residential properties in the Atlantic City-Hammonton area, valued at \$4.8 billion, faced damage from the storm surge.

Whatever the final numbers are, recovery will likely be a long and arduous process.

After all, most homeowners are unfamiliar with what their policies cover, and lack enough insurance anyway.

So find that copy of your policy and look at the declarations page. That will tell you what is and isn't covered.

New Jersey homeowners, unlike those in Pennsylvania, have substantial hurricane deductibles in their policies.

Hurricane deductibles apply solely to damage caused by hurricanes, and typically vary from 1 percent to 5 percent of the insured value of a home. For example, a policyholder whose home is insured for \$200,000 with a 2 percent hurricane

deductible would have to pay the first \$4,000 of repairs if a hurricane caused the

loss, according to the New Jersey Insurance Underwriting Association.

In some coastal areas with high wind risk, insurers may incorporate hurricane deductibles even higher than 5 percent. In fact, some areas of the Shore may not be eligible for standard policies, so homeowners must turn for coverage to insurers that are part of the Windstorm Market Assistance Program, which operates under a plan approved by the state Department of Banking and Insurance.

Under standard homeowners' policies, if a tree falls on your house, the insurer pays for repairs to the structure and damaged contents inside, said Jeanne Salvatore of the Insurance Information Institute. If it falls on your car, the comprehensive portion of your auto insurance pays.

Both situations are subject to the policies' deductibles.

J.D. Power Associates, in a survey of consumers just before Hurricane Irene in August 2011, found that fewer than 10 percent of homeowners residing in Middle Atlantic states carry flood insurance, despite frequent hurricanes and tropical storms. As a result, many who file claims after these disasters find their requests denied.

The standard homeowners policy does not cover flood damage. A separate policy, available through the National Flood Insurance Program directly or through some insurers, covers such damage.

Looking at the extent of storm-surge flooding along the Jersey Shore and elsewhere, some critics of the government's coastal-development policies warned that the effects of Sandy could increase the burden of the insurance program on taxpayers, who, in the words of R.J. Lehman of the nonprofit public-policy organization R Street, "are on the hook for the program's \$1.25 trillion in coverage, including \$527 billion in coastal floodplains."

No matter where you live, a lot of damage caused by wind and water associated with these storms can be aggravated by existing conditions.

Harris Gross, a licensed professional engineer who operates a home-inspection firm in Cherry Hill, points to bricks blown from chimneys with mortar weakened after years of poor maintenance.

In addition, many basements that never flooded before Sandy might continue taking on water afterward, in even normal rainfalls and snowmelt, because of uncorrected soil erosion or cracks in the foundations caused by water overflowing from gutters with clogged downspouts.

The wind could blow off shingles in hard-to-see areas, or water might penetrate siding and seep into walls where complete drying is impossible, resulting in mold formation - which, if untreated, could be more expensive to remedy than hurricane damage.

So where should you start?

Robert Hartwig, president of the Insurance Information Institute, said Tuesday that owners should take photographs to document the damage for adjusters from their carriers. Once the adjuster determines the extent of damage and the amount the

insurer will pay, the homeowner can hire a contractor to complete the repairs.

Regional spokesmen for Allstate and State Farm said Tuesday that their companies were deciding where to deploy their disaster teams. The companies also must wait for local authorities to permit them to set up mobile claims centers.

Although insurers prefer to deal directly with policyholders, sometimes it may be easier if someone handles the negotiations for you.

One route is using a licensed public insurance adjuster who works for you, not the insurance company; you pay for his services. Public adjusters are licensed in 45 states, including New Jersey and Pennsylvania.

National Association of Public Insurance Adjusters president Ronald Reitz said that after a storm such as Sandy, "there may be an effort by insurers to settle claims quickly," and that public adjusters "can assure that the settlement is also consistent with the terms of your coverage."

Anytime disaster strikes, some people will try to make money from your troubles.

Eileen V. Gilbert, director of operations for Building Industries Exchange in Pottstown, a contractor-referral group, said con artists often show up at the door after a disaster, offering an array of services and demanding a hefty down payment up front.

She said a dead giveaway of a scam is high-pressure tactics, such as "this is the only chance you have," or an assertion that the leftover materials from your neighbor's job will be gone by tomorrow.