

U.S.

Key Tips Before You File a Harvey Insurance Claim

Homeowners' insurance policies typically cover damage from wind and hail, not flooding



A woman waded out her front door in Spring, Texas, to escape Harvey's rising floodwaters on Monday. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

By Nicole Friedman

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Texas residents are starting to file insurance claims even as Tropical Storm Harvey lingers, but much of the damage could be excluded from insurance policies.

The majority of the damage from the storm is likely to be caused by flooding in the Houston area, experts say. Homeowners' insurance policies typically cover storm-related damage from wind and hail but exclude flood damage. Data provider CoreLogic said Monday that 52% of residential and commercial properties in Houston are at high or moderate risk of flooding due to the record rains, and aren't in federally designated flood zones.

Households and businesses in Harris County, which includes Houston, held about 249,000 National Flood Insurance Program policies as of June 30, according to the Federal Emergency Management Agency. There are about 1.7 million households in the county.

Many homeowners in federally designated flood zones are required by their mortgage providers to buy flood insurance. But the scope of the flooding damage in Houston is expected to spread well beyond those zones.

“When you get 30 and 40 inches of rainfall, there are a lot of folks that are not in the floodplains,” said Mark Hanna, spokesman for industry group Insurance Council of Texas. “There are homes that have never flooded before that are getting flooded.”

Faced with the prospect of no insurance coverage, consumers without flood insurance can often get low-interest loans from the government to help pay for repairs, said Robert Hunter, the Consumer Federation of America’s director of insurance and a former Texas insurance commissioner.

For homeowners, renters and car owners with insurance, they should file claims as soon as possible, even if they can’t access their damaged property, experts said. The top homeowners’ insurers in Texas are State Farm, Allstate Corp. and Farmers Insurance, according to ratings agency A.M. Best, and the top personal auto insurers are State Farm, Berkshire Hathaway Inc.’s Geico and Allstate.

Most residential flood insurance is provided by the federal government’s National Flood Insurance Program, which also insures some businesses.

Farmers Insurance had received almost 4,000 claims reports as of midday Monday, mostly from homeowners, a spokeswoman said. As of Sunday, State Farm had received about 5,000 claims reports, split between homeowners and car owners, a spokeswoman said. More than three-fourths of the cars being reported to State Farm can’t be driven, she said.

Policyholders can call their insurance companies or agents to file claims, or in many cases they can now file claims reports online or via mobile apps. Many insurers are also planning to deploy trailers, buses or motor homes where policyholders can file claims in the hard-hit regions, once it’s safe to do so.

It could take days until insurance adjusters start assessing damage.

“Individuals are going to need to take charge here: Do temporary repairs to their property, make sure the electricity is off, board up holes in the roof,” said Don Carson, executive vice president of insurance brokerage Burns & Wilcox. “And take as many pictures as they possibly can, to build up their inventory list.”

Policyholders should keep all their receipts, experts say, because additional living expenses and temporary home repairs can be reimbursed if a home is damaged by an insured disaster. They also shouldn’t throw out any damaged property without first taking a photo or video of it.

In some cases, it may be unclear whether damage was caused by wind or flooding. But most of the wind damage so far has been in coastal cities like Rockport, Texas. “The further you get away from that western part of the state toward the east, the harder it becomes to make a case that you had wind damage,” Mr. Hunter said.

Wind and storm surge from Harvey likely caused between \$1.2 billion and \$2.3 billion in insured losses, catastrophe modeling firm AIR Worldwide said Monday.

Flooding damage from the storm is likely to cause \$5 billion or more in insured losses, the Consumer Federation of America said Monday. And economic losses from the storm could total in the tens of billions, analysts say.

—*Leslie Scism contributed to this article.*

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