Deciphering Debris Removal Coverage

DEBRIS REMOVAL COVERAGE is an often overlooked, but very important, segment of a comprehensive property insurance program. Property insurance is intended to help the insured rebuild to the same circumstances they were in before the loss. However, before one can even think of rebuilding, there is a need to clean up. Helping clients understand and select proper and adequate coverage is another value-added service of the professional insurance agent.

Tornadoes in April 2011 caused extensive damage in the southeastern United States. Officials in Franklin County, Alabama estimated that if the debris were piled up on a one acre plot, it would reach 1550 feet in the air. That is 100 feet higher than the Sears tower! After such natural disasters, the Federal Government may offer some assistance in clean up. For example, according to the U.S. Army Corps of Engineers, the combination of Hurricanes Katrina and Rita presented the largest debris cleanup project in American history. There was enough debris to fill the New Orleans Superdome 10 times.

Standard commercial property insurance policies include debris removal coverage as a percentage (typically 25%) of the amount paid for the direct loss. If the building limit is used up in payment of the direct loss, there is an additional limit of debris removal coverage available. Personal lines policies also provide built in debris removal limits. Additional limits are available and should be offered to every insured.

In order for coverage to apply, the debris must be a result of a covered loss. Debris from excluded causes such as flood and volcanoes would not be included. Changes in building code can also impact

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the need for coverage. If a partially damaged building must be torn down, there may not be coverage unless the policy includes building code/ordinance coverage.

Insurance to value is key. The cost of removing debris is in addition to the value of the covered property. This is particularly important in the case of a total loss, as the full policy limit will be needed to replace covered property, with none of the main policy limit available for clean up. There is no requirement that the building be replaced in order to collect debris removal coverage.

The cost to remove debris from neighboring premises is included. This comes into play in the event of a wind loss where debris may be strewn over a wide area.

Debris removal coverage is not pollution coverage. There is no coverage to extract pollutants from land or water, or to remove, replace or restore land or water that is polluted or is a pollutant. However, in some cases, limited pollution clean up coverage is available if the release of the pollutants is a direct result of a covered loss. An example would be a vehicle hitting an oil storage tank on the insured premises.

Disposal of debris after a loss is not as easy to accomplish as it used to be. Changes in environmental regulations regarding the treatment of pollutants and materials such as asbestos have increased the costs. Debris removal coverage does not necessarily cover the cost to dispose of the materials (especially pollutants) in accordance with regulations, but only to remove the debris from the property.

The debris of trees and plants is handled differently than other debris. Coverage for decorative trees, plants and shrubs applies to losses caused only by specifically named perils. There may not be coverage for trees, plants, lawns and shrubs damaged by wind. An exception would be that there **is** coverage to remove a tree that falls down and blocks a driveway, sidewalk or handicap access. Limited coverage is also available to remove trees that damage covered property.

Debris removal is a key component of the claims settlement process. Ensuring that your clients are informed and offered proper protection is a sign of the true insurance professional.

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