

If a Tree Falls in the Woods, is There Coverage?

WITH HURRICANE SEASON UPON US, and what appears to be an increased amount of tornado and microburst losses, insureds', agents' and company claims adjustors' thoughts turn to what coverage insureds may or may not have for storm related losses to their property. It is important for agents to be able to explain the types of losses that are covered, and perhaps even more important, not covered, under standard policies.

Insurance is intended for unpredictable events. The reason for exclusions is that certain items should be more properly covered elsewhere or better yet, the loss could be prevented altogether. Fortunately for the insured there is no stupidity exclusion, but common sense should still rule. If a storm is imminent, outdoor furniture and ornaments should be taken inside. If a tree is dead or dying, take it down. If your roof has a hole in it, cover it or make temporary repairs.

Damage to the interior of a building and to other property in a building is not covered for damage by rain or snow that comes in through an open window or skylight. For coverage to apply, the exterior of the building must first be damaged, thus letting in the rain or snow. So, close the windows and skylights when it rains.

If a loss has occurred, the insured should take all reasonable steps to protect the property from loss or from further damage. This could entail covering window openings or making temporary repairs. The insurer will reimburse the insured for reasonable necessary expenses incurred to make these temporary safeguards or repairs. This is especially important during catastrophic type losses like those incurred during Katrina, when it may be quite some time before a company adjustor can get to an insured.

Lawns, Plants, Shrubs, and Trees - These are covered for loss by lightning but not by wind or other weather related causes. However, if the wind causes the tree to fall on a covered structure, there is coverage to repair the structure and also to remove the

tree and debris from the structure. There may be coverage if the tree blocks access to a driveway. In such instances, coverage is usually subject to a special sub-limit.

If a tree falls in the woods does it make a sound? And, more importantly, is there coverage? If the tree does not damage covered property, probably not. The original intent of providing coverage for trees and plants was to help replace small landscaped items in the yard. If it lands on a covered structure, there will be coverage to remove the tree from the structure and clean up the debris. Damage to the structure is also covered.

Outdoor Property - Sheds and garages are usually covered as additional structures and for the same causes of loss as the dwelling building. However, other outdoor structures such as pools, patios, bulkheads, wharves and docks are not normally covered for weather-related damage such as freezing, thawing, and weight of ice, sleet or snow. Insureds should store their campers, trailers, and watercraft inside as these are not covered for wind or hail damage unless they are in a fully enclosed structure at the time of loss.

On the typical commercial policy, trees, plants and shrubs that are being grown for eventual sale are considered property not covered. Coverage could apply to these if written on a farm policy. However, if the plants are in pots ready to be sold they would then be considered "stock" and therefore eligible for coverage as business property. Similar to the Homeowners policy, decorative plants, shrubs and trees are not covered for weather-related losses. Such



outdoor property as outdoor signs and antennas are covered, but there are limitations.

Damage caused by a named hurricane is often subject to a special deductible, usually a percentage of the insured value of the building. This amount can be significantly more than the standard property deductible. Agents must be careful to explain this to their clients.

Floods and their ensuing damage - be it "storm surge", sewer/drain backup or surface water running into the basement, are usually excluded. Many insurers offer optional coverage that is available for backup of sewers and drains. Separate flood coverage is available through the National Flood Insurance Program (NFIP).

So, for the agent, storm season is another reason to educate your insureds to help them protect their valued property, and be sure they have appropriate coverage. After the loss is not the time for the insured to figure out that they could have been protected. Educating the insureds helps to reduce the agent's exposure to E&O claims. What a terrific selling opportunity!

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