

## **FREQUENTLY ASKED QUESTIONS**

### **Coverage After the February 2021 Winter Storm**

The state of Texas suffered in February 2021 as an unprecedented arctic blast and series of storms tested the Electric Reliability Council of Texas (ERCOT), resulting in widespread, statewide blackouts. During the storm, millions of Texans were without power and water. Across the state, hundreds of thousands of property claims from broken pipes and the resulting water damage, leaking roofs and fallen trees, auto accidents from icy roads, and other dangerous conditions were filed. Here is some information on questions being asked after this unrivaled event.

#### **How many claims and possible losses?**

Initial estimates project hundreds of thousands of claims from auto, home, businesses and renters. These claims levels are unprecedented for Texas for a winter storm event and will approach or surpass claims filed after a hurricane. Claims began the week of the winter storm and will continue to come in as insureds inspect their property for damages and report any to their insurer. Historically, the average residential water damage and freeze claim is approximately \$11,000 and total national losses from winter storms have been as high as \$2 billion in a year. This single Texas storm will surpass that total! We expect losses to be the largest for any single event in Texas other than hurricane events.

#### **Will my claim for water damage be covered?**

Depending upon your policy, you may have coverage for water damage from burst pipes. Texans have multiple types of homeowners' coverage to choose from and coverages may vary. We recommend that consumers contact their agent or insurance company and ask what is specifically covered under their policy – what are the policy limits and what is their deductible.

#### **I have a loss. What should I do next? Here are steps to take:**

- If you've had a pipe burst, shut off your water and contact a plumber.
- Document your damages with photos, video and make a list of those damages.
- Contact your agent or insurer and file your claim.
- Document all conversations with your adjuster, contractors and others who are key to your recovery. This will help in follow up, setting expectations and timelines.



**How will I know if my claim has been accepted?**

We're in the midst of a huge event – insurers are deploying adjusters from around the state and across the country to Texas to assist in claims handling. Customers may also see more virtual claims handling. During this COVID pandemic, in order to keep folks safe, insurers are using virtual technology to handle claims adjusting and customer communications more efficiently. While some claims, due to customer preference and/or the magnitude of the loss may still need in-person adjusting, virtual claims handling will help keep all involved safe. Recovery time may be longer than usual since this is a statewide event and the demand for repairs are high. As such, all resources including contractors, plumbers and repair companies will be stretched and will take communication, perseverance and patience through this time.

**Can I make repairs to my property immediately?**

If you need to make repairs in order to prevent further damage, you should do so. Keep all receipts for any materials and equipment needed to make the repairs. You will need these for your insurance claim.

**Does it matter who I choose to do my home repair? Will that affect my policy coverage?**

You should choose a reputable contractor to make repairs. Your insurer is not checking the credentials of your contractor; however, you should be aware that certain counties may have ordinances requiring contractors to be registered with the county. Also, if the contractor is licensed by the state, you can check with the applicable licensing agency/board to verify they are qualified.

**Does the insurance company have to select which contractor to make repairs?**

No. The insured selects the contractor to make repairs. However, you are cautioned to check the background on the contractor and talk with others to ensure it's a reputable company. After a large storm, there are unscrupulous contractors who take advantage of consumers during this trying and often emotional time.

- Identify your contractor through references, speak to your family, friends, neighbors and look at their online reviews.
- Don't sign your insurance proceeds check over to a contractor.
- Pay your contractor in increments as the work is satisfactorily completed.



**Does my homeowner's insurance policy cover the damage resulting from the frozen pipes that burst?**

Depending upon your policy, you may have coverage for water damage from burst pipes. Most policies provide some coverage for broken pipes and water damage. Texans have multiple types of homeowners' coverage to choose from and coverages may vary. We recommend that consumers contact their agent or insurance company and ask what is specifically covered under their policy – what are the policy limits and what is their deductible.

If you are a renter, and had renter's insurance, your policy provides coverage for damage to personal property. Any structural damage is subject to the property owner's coverage.

**Will my policy pay for the food that was spoiled because my power was out?**

Many policies include coverage for food spoilage due to a covered event as named in the policy, up to some amount specified in the policy. Check with your agent or insurer for specific coverage terms and policy limits.

**The weight of the ice and snow damaged my property. What does my policy cover? Does it cover damages to my fence or patio? Or damage caused from fallen trees?**

Most policies cover the cost of damages caused by a roof collapse or cave in due to the weight of ice, snow, and sleet on your home. This includes losses due to damages to your home and personal property. Check with your agent or insurer for specific coverage terms and policy limits.

**Will my policy pay for me to stay at a hotel if my power was out or my home was damaged?**

Most homeowner policies include coverage for "additional living expenses" (ALE) which provides funds for temporary living expenses if the insured's property is uninhabitable due to damages resulting in a covered loss and the insured is temporarily displaced. This typically covers the costs of food and hotel for a specified amount. You should keep all receipts for any meals or hotel costs and check with your insurer or agent about coverage.

**How will this affect my rates?**

Decisions on rates is up to each individual insurer and depend upon a variety of factors. Insurers do not base rates solely on a single past event. Past events may impact rates as insurers evaluate future risks and possible losses, and determine the rate needed to ensure they are able to pay for future losses and expenses. Each individual insurer has to make their own decision about rates and have to file any rate change with the Texas Department of Insurance for review. TDI can reject a rate filing if it determines the rate is not supported by the actuarial evidence and does not meet the legal criteria outlined in the Texas Insurance Code.



**Where does FEMA fit in?**

FEMA assistance is separate from any insurance claims recovery. If you receive a payment from your insurer, you cannot recover the same from FEMA. Also, FEMA cannot pay for your deductible. However, if your claim is not covered, or your insurance payment under your policy is not enough for all repairs, you can request additional assistance from FEMA. You should contact FEMA .