



# THE Insurancenter NEWSLETTER

WINTER 2019

## File Your Claims Promptly or Risk Coverage Denial

IF YOUR home has been damaged by a natural disaster, a fire or a long-term effect like mold growth, you would naturally file a claim with your homeowner's insurance company.

But what if you don't contact the company right away? Would the insurer still pay if you filed a claim six months after an event?

### The rules

While policies vary, they generally state that if you do not report your claim in a timely manner, it may be denied. Some insurers may have a limit of just 30 days to file a claim, but others allow up to a year after an incident.

Many insurance policies may not include an exact time frame, but instead require you to provide "prompt" or "immediate" written notice to your insurance company or agent if you suffer a loss.

The amount of time you have to file will be stated in your policy language. Read the policy and understand your responsibilities when filing a claim. If you are unsure about something, call us.

It's best to file your claim immediately after you know it's happened.

If you have extenuating circumstances, you can ask the insurance company for an extension, such as after a major catastrophe when you haven't been able to reach your home to assess the damage.

Insurers require prompt notification because the original damage can be exacerbated by the elements or other issues if left unattended after the initial damage.

The closer the time between the event and when you file the claim, the easier it is to prove the damage was the result of this covered event and not caused by some secondary issue that does not fall under the scope of coverage.

The insurer can claim you were negligent in not filing the claim in a timely manner, which resulted in the initial damage increasing due to exposure to the elements and other issues.

If the claims adjuster finds that the damage to your home could have been prevented by filing a claim more quickly, you may be held financially responsible for the repairs.

### The slow drip or unseen damage

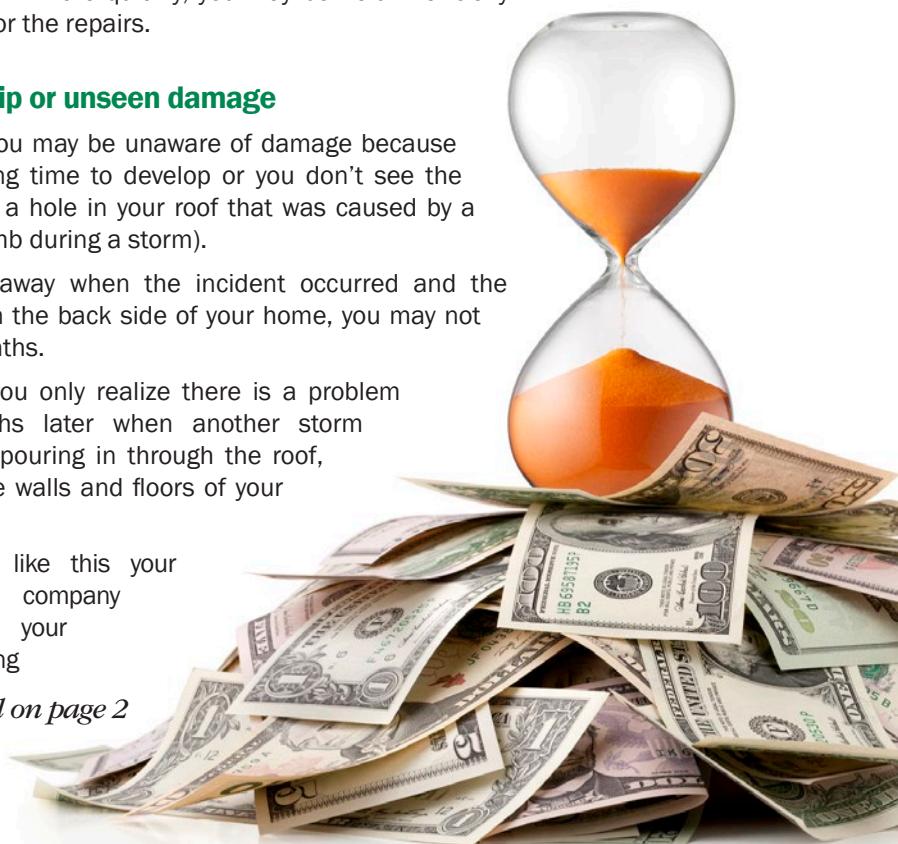
Sometimes you may be unaware of damage because it takes a long time to develop or you don't see the damage (like a hole in your roof that was caused by a falling tree limb during a storm).

If you were away when the incident occurred and the damage is on the back side of your home, you may not see it for months.

And maybe you only realize there is a problem a few months later when another storm sends water pouring in through the roof, damaging the walls and floors of your home.

In instances like this your insurance company could deny your claim, saying

*See 'Gradual' on page 2*



## Welcome to The Insurancenter Newsletter!

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent risk management topics which may affect you and your family. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.

Doug Nellans



# New Car Totaled; Will Insurance Pay Off the Loan?

IT'S THE nightmare scenario for any new car buyer. You drive it off the lot and a few days later another driver runs a red light, smashing into your car and severely mangling most of the front end and irreparably damaging the frame – essentially totaling the vehicle.

Luckily nobody was injured, but will insurance cover the total loss? Are you expecting the insurer to pay off the loan and you can be on your merry way? That may not always be the case.

Since the other driver was at fault, their insurer will be the one picking up the tab for your vehicle and, as repairing it is out of the question, it will have to pay you for the damage.

But, if you only put a little bit of money down when taking out a loan on the car, you could end up having to pay off at least some part of the loan balance that's left over after the insurer pays you for your vehicle.

One of the issues that arise is that new cars depreciate in value immediately after they are driven off the lot. If you've had the car a short time, the insurer will deduct the mileage from the purchase price and pay you that replacement value of the car at that time. If that's the case, you should be able to pay off the loan without being out of pocket.

However, if the car is a few months or up to a year old, and you didn't put a lot of money down, you could be out of pocket. How much will depend on the loan terms (interest and length of loan) and how much you put down when you purchased the vehicle.

Since the crash was the other driver's fault, their insurance company will pay you the current cash value of your vehicle. The loan is not a consideration for the insurer.

## Gap coverage

There is one way around this conundrum called "gap insurance," but you would have had to set it up in advance.

This kind of coverage is ideal for people who didn't put much money down on their vehicle and/or have a loan that may stretch out for six or seven years. With payments on such a long horizon,

you could be in a situation of owing more than your car is worth during the first few years of the loan.

Gap insurance is a special endorsement you can buy for your auto policy which will pay the difference between what you owe and what the vehicle is actually worth. This endorsement was created as vehicles became more expensive and loans became longer.

With gap insurance, the carrier pays the cash value of your vehicle, and then pays off the loan. So if the at-fault driver's insurer pays you the value of the car, your insurer would step in to pay off the loan.

If you don't have gap coverage, you will be left with part of a loan on a vehicle you no longer own – and you'll be without a vehicle. In some cases, the balance of your own loan can be tacked onto a new loan that you take out for a replacement vehicle. ♦



*Continued from page 1*

## Gradual Water Damage Is Often Not Covered

the damage to your floor was caused by not fixing the initial damage.

One of the most common types of claim that may be delayed is water-damage claims.

In these instances, a sudden event that causes damage is usually covered by insurance, but not one that has caused damage over time.

Types of water damage your policy would likely cover:

- Sudden or accidental discharge
- Sewer back-up or water back-up
- Overflow
- Storm-related water damage covered by insurance.

That said, gradual water damage is not often covered, so although your policy might have water-damage coverage, if the reason for the damage is not sudden and accidental, then you may be denied in a claim.

Gradual-damage claims that would likely be denied include holes in the roof due to neglect in replacing broken shingles, and long-standing pipe leaks that damage your walls and floor.

Another claim that you could encounter that raises the question of timeliness is a developing crack in the garage floor. You may have walked past a crack for months, for example, before you notice it. In this case, you might be able to argue that the date of loss was when you first saw something was wrong. ♦

# Your Fall Home Maintenance Checklist

FALL IS here and you should use the time to enjoy the cool weather outdoors and take care of housekeeping chores before winter arrives.

You should tackle any needed maintenance before the weather gets too cold, and if you live in a cold weather area, you could use the time to improve the energy efficiency of your home as well as take proactive measures to prevent damage from any winter storms that may pass through.

To help you, we've created a handy checklist to follow:

## **Chore 1: Clean gutters and downspouts**

Once most of the leaves have fallen from your trees, you should get up on a ladder and clean out your gutters and downspouts. If you feel you're afraid you may fall, ask a more capable family member or hire someone to do it for you.

It's important that you clear out your gutters of any debris or items that can impede water flow during rains. Clogged gutters during rainstorms can cause water to pool and damage your roof or siding.



## **Chore 2: Make exterior repairs**

Well before winter arrives, you should walk around your property and look for any signs of damage to the roof, siding and foundation of your home.

For a good view of the roof, you may want to consider getting a closer look when you are cleaning out your gutters, as some damage may be difficult to detect from the ground. If you see any issues, like missing shingles or dry rot in your siding, repair them before winter weather can exacerbate the problem.

Also, if you see any gaps or holes, seal them to keep mice or other pests from entering your home. Fill small holes and cover any larger gaps securely with heavy-duty hardware cloth to keep the wildlife outdoors.

## **Chore 3: Check weatherstripping**

Inspect the weatherstripping around your doors and windows. If it is cracking, brittle, torn, frayed or hanging lose, you should remove it and replace it. Weatherstripping around the frames of windows and doors can keep the warm air in on cold days and reduce your home heating costs.

Add door sweeps to the base of drafty doors to keep heat in and cold air out of your home.

## **Chore 4: Clean your chimney**

If you have a chimney, you should schedule time to have it inspected and cleaned before you start burning wood in your fireplace during the winter. It takes only a small accumulation of creosote glazing to create the potential for a chimney fire. Creosote is a highly flammable substance that builds up inside a chimney or liner as a result of burning wood.

Other venting systems connected to furnaces and stoves should

also be cleaned on a regular basis to maintain safe operations.

While you're at it, be sure to replace or clean filters in your vents. Ensure any heating units are professionally serviced and inspected.

## **Chore 5: Inspect walkways**

The sidewalk in front of the home should be inspected for any dangerous cracks. To minimize the risk of falls, hand rails on outdoor stairs should be checked and repaired if necessary. It is especially important to do this if people come to the house often, because falls are a common source of liability claims against homeowners.

## **Review your insurance coverage**

If you did any home renovations this past summer, your kids went off to college or you purchased any new and expensive winter toys, like snowmobiles, you should revisit your coverage with us.

If you renovated your home, you may not be sufficiently insured. It is important to keep insurance coverage updated in accordance with the value of the home and any added improvements.

Also, if you've purchased an expensive winter item like a snowmobile, additional coverage may be needed. High-end snowmobiles often require coverage beyond what homeowners already have.

Finally, if you have a child who recently left for college, make sure they have renter's insurance to cover thefts or other events that may destroy their possessions. ♦

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