

# STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

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## NEWS RELEASE

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### **NEARLY HALF OF AMERICANS UNPREPARED FOR DISASTERS, NEW SURVEY REVEALS**

*What You Need to Know About Insurance Before Disaster Strikes*

[DENVER, CO] — As the nation braces for the wildfires, tornadoes and floods that accompany the spring and summer disaster season, nearly half of U.S. consumers are insufficiently prepared – in terms of their insurance coverage – to deal with potential losses, according to new research by the Colorado Division of Insurance and the National Association of Insurance Commissioners (NAIC).

The national survey revealed a significant lack of preparedness among consumers in documenting their belongings. Nearly half – 48 percent – said they did not have an inventory of their possessions. Of those consumers who reported having a checklist, 32 percent had not taken any pictures and 58 percent had no receipts validating the cost of their possessions. In addition, 44 percent of respondents acknowledged that they had not stored their inventory in a remote location.

“A comprehensive list of your belongings and their value will help you file an insurance claim after a disaster,” said Marcy Morrison, Colorado’s Commissioner of Insurance. “Creating an inventory and storing it in a safe location away from home is one of the most basic — and most effective — steps anyone can take to help protect themselves and their financial future in case of disaster.”

The survey also found that 43 percent of adults polled owned homeowners or renter’s insurance policies that provided a replacement cost payout. Of the remaining consumers, 27 percent indicated their policies insured their homes for the actual cash value, while another 28 percent did not know which type of coverage they purchased.

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*“The Mission of the Division of Insurance is Consumer Protection.”*

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**Actual cash value** is the amount it would take to repair or replace damage to a home and its contents *after depreciation*. **Replacement cost** is the amount it would take to replace or rebuild a home or repair damages with materials of similar kind and quality, without deducting for depreciation.

“Many consumers are not able to recover after a disaster because they don’t realize how depreciation can impact their assets,” Morrison said. “It is important that consumers understand the implications of purchasing an actual cash value policy vs. replacement cost insurance. In the event of a disaster, the difference could mean thousands of dollars in payout.”

The NAIC survey also found that the majority of consumers do not have the coverage necessary to protect themselves from specific types of losses that are not reimbursed under standard policies:

- 69 percent do not have earthquake insurance.
- 65 percent do not have flood insurance.
- 56 percent do not have insurance for a water line break.
- 55 percent do not have insurance for a sewer line break.

“Many homeowners and renters are vulnerable, especially if they live in disaster-prone areas,” said Morrison. “Consumers should review their insurance policies yearly with their agent or company to make sure they have the coverage needed to protect their family and their belongings.”

Information on disaster insurance, including flood and fire insurance, is available at the Colorado Division of Insurance website at [www.dora.state.co.us/insurance](http://www.dora.state.co.us/insurance), or by calling the consumer information line at 303-894-7490 or 800-930-3745, toll-free outside of Denver.

The NAIC also offers insurance tips through its public-education program, Insure U – Get Smart About Insurance, at [www.InsureUonline.org](http://www.InsureUonline.org). The site is available in Spanish at [www.InsureUonline.org/espanol](http://www.InsureUonline.org/espanol).

### **Disaster Preparedness Tips for Homeowners and Renters from the Colorado Division of Insurance**

- Take an inventory of your valuables and belongings. This should include taking photographs or a video of each room. This documentation will provide your insurance company with proof of your belongings and help to process claims more quickly in the event of disaster.

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- Store your inventory list away from your home, so it is not lost in case of disaster. Consider emailing lists and photos to your account, so you can reach them electronically from any location.
- To enable filing claims more quickly, keep sales receipts and/or canceled checks. Also note the model and serial numbers of the items in your home inventory.
- As you acquire more valuables — jewelry, family heirlooms, antiques, art —consider purchasing an additional “floater” or “rider” to your policy to cover these special items. These types of items typically are not covered by a basic homeowners or renter’s insurance policy.
- Remember to include in your home inventory those items you rarely use (e.g., holiday decorations, sports equipment, tools, etc.).
- Store copies of all your insurance policies in a safe location away from your home that is easily accessible in case of disaster. You may want to store your policies and inventory in a waterproof, fireproof box or in a safe, remote location such as a bank safe deposit box. Consider leaving a copy of your inventory with relatives, friends or your insurance provider and store digital pictures in your e-mail account or on a Web site for easy retrieval.
- Know what is and is not covered by your insurance policy. You might need additional protection depending on where you live. Make sure your policies are up to date. Contact your insurance provider annually to review and update your insurance policy.
- Keep a readily available list of 24-hour contact information for each of your insurance providers.
- Find out if your possessions are insured for the actual cash value or the replacement cost. Actual cash value is the amount it would take to repair or replace damage to your home or possessions after depreciation while replacement cost is the amount it would take to repair or replace your home or possessions without deducting for depreciation. Speak with your insurance provider to determine whether purchasing replacement coverage is worth the cost.
- Speak with your insurance provider to find out if your policy covers additional living expenses for a temporary residence if you are unable to live in your home due to damage from a disaster.
- Appraise your home periodically to make sure your insurance policy reflects home improvements or renovations. Contact your insurance provider to update your policy accordingly.

For additional tips and more information about insurance, visit the Colorado Division of Insurance website, [www.dora.state.co.us/insurance](http://www.dora.state.co.us/insurance).

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### **ABOUT THE COLORADO DIVISION OF INSURANCE**

The Colorado Division of Insurance is located in the Colorado Department of Regulatory Agencies and regulates the state's insurance industry and assists consumers and other stakeholders with insurance issues.

Staff responds annually to an estimated 26,000 telephone calls, e-mails, letters, and walk-in visits from consumers. The Division performs both market conduct and financial examinations on insurance companies licensed to conduct business in the state. The exams determine compliance with Colorado insurance laws by identifying violations and ensuring company solvency. The Division of Insurance provides tips, statistics, comparison guides and other education material to help consumers compare companies and options and make informed decisions about insurance purchases.

### **ABOUT THE NAIC**

Headquartered in Kansas City, Mo., the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, the NAIC is the oldest association of state officials. For more than 135 years, state-based insurance supervision has served the needs of consumers, industry and the business of insurance at-large by ensuring hands-on, frontline protection for consumers, while providing insurers the uniform platforms and coordinated systems they need to compete effectively in an ever-changing marketplace. For more information, visit [www.naic.org/press\\_home.htm](http://www.naic.org/press_home.htm).

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