

CONTACT FOR MEDIA: Roger Snell, Department of Insurance, (502) 564-6098

FOR IMMEDIATE RELEASE: Monday, May 6, 2002

Kentucky faces record insurance losses for hail, wind, tornado damages; consumer tips if car is totaled

FRANKFORT, KY. - Disaster teams for the Kentucky Department of Insurance are personally helping numerous victims of what may become the Commonwealth's largest insured loss in history for hail, wind and tornado damage.

Members of the Consumer Protection & Education Division headed to London and Laurel County this morning in response to the May 1 hailstorm that heavily damaged cars and homes in several counties. The disaster team also visited personally with consumers at more than 200 homes damaged by the April 28 storm in Webster and Breckinridge counties.

Insurance companies report that losses are so numerous that adjusters are focusing first on consumers who lost their homes or roofs and then working to other claims. One insurer alone reported 800 auto claims in one day in London due to hail damage. The same insurer processed 4,200 claims statewide on the first day after the April 28 storm.

Preliminary national damage estimates from the April 28 storm are approaching \$300 million. The same storm system that hit Webster and Breckinridge counties, Missouri, Illinois, Indiana, Ohio, and Maryland is now officially categorized in the insurance industry as a catastrophic loss, often occurring after hurricanes or earthquakes.

In Kentucky history, the largest recorded insurance loss was more than \$100 million from the Bowling Green hail storm of 1998. No specific claim totals are available for Kentucky at this point, but known damage to homes and autos is substantial.

Consumers with questions or complaints about home or auto insurance are encouraged to call the department for assistance at 800-595-6053.

"We're hearing personally from consumers about outstanding examples of insurance agents going the extra mile to help find emergency lodging, issue checks and collect claims," said Janie Miller, insurance commissioner and secretary of the Cabinet for Public Protection & Regulation. "In one example, an agent handling numerous claims in Breckinridge County also provided his own trailer to help haul personal belongings salvaged from his customers' homes."

"These are times when insurance agents, adjusters and companies can do their best work for consumers, but we're there in cases where there might be problems or complaints," Miller said.

Sharon Clark, director of the Consumer Protection & Education Division, has led teams to Bowling Green, Owensboro, and London during previous disasters and she personally went door to door to more than 100 homes in Webster County last week.

"We made sure that everyone had heard from their agent or adjuster and made immediate calls on site to insurance companies if there were problems," Clark said.

The department also reminded consumers of a state law that makes it easier for owners whose vehicles are totaled by hail damage. The "hail damage title law" was effective July 14, 2000, to allow consumers to receive insurance claim checks more quickly for totaled vehicles.

The most common example is that an owner gets the insurance check immediately, no matter how long the waiting list for a body shop to repair the damage. The owner continues to have use of the car as long as an inspection finds the car is safe to operate.

The law, KRS 186A.555, requires that the vehicle is safe to drive, suffered hail damage exceeding 75 percent of the retail value, and the owner intends to maintain ownership.

With proof of the total loss and after a \$5 inspection by the sheriff's office, a county clerk can issue a title stamped "hail damage," allowing insurers to immediately process the claim.

Prior to the Bowling Green hail storm, which prompted this law, it could take more than one month to obtain such titles, delaying insurance payments.

The department's disaster teams are distributing consumer guides offering answers and tips to the immediate questions after a storm. The guide is available online by clicking "After the storm has passed" on our Web home page at <http://insurance.ky.gov>.

The specific link to the document is: http://insurance.ky.gov/Kentucky/Documents/Aft_storm_04_2002.pdf.

The guide includes key details about reporting and documenting claims, how to reach the Department of Insurance if you have questions about your insurance, and common issues after a disaster such as:

- Don't agree to a final settlement until you are sure that it is fair. You are entitled to obtain independent estimates if you wish.
- Most policies cover tree removal if it falls on a covered structure. The value of the tree is usually not covered and your policy won't pay to remove it if it doesn't damage anything when it falls.
- You can't collect for uninsured items, such as landscaping.
- Make sure to have your roof inspected, especially if you are unsure of damage and were in the disaster area.
- The first check you get from your insurance company is often an advance, not a final payment.
- If you're offered an on-the-spot settlement, you can accept the check right away but make sure that if you find other damage, you can reopen the claim and file for an additional amount. Most policies require claims to be filed within one year from the date of the disaster.
- Avoid repair scams by seeking known local contractors and those who are licensed and insured. Insist on a written contract spelling out details of the work, total cost and completion date.
- Broken glass or body damage to an auto is covered only if you have comprehensive insurance coverage. You are not covered if you only have liability insurance coverage.
- Do the best you can safely to prevent further water damage through damaged roofs or broken windows.
- If you are homeless, most policies cover immediate advances for reasonable lodging and living expenses.
- Make sure to keep all receipts.