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In Hurricane Ian's Wake, Insurers and Homeowners

Gear Up for Coverage Fights One issue likely to arise: whether home insurers are wrongly avoiding wind claims by blaming



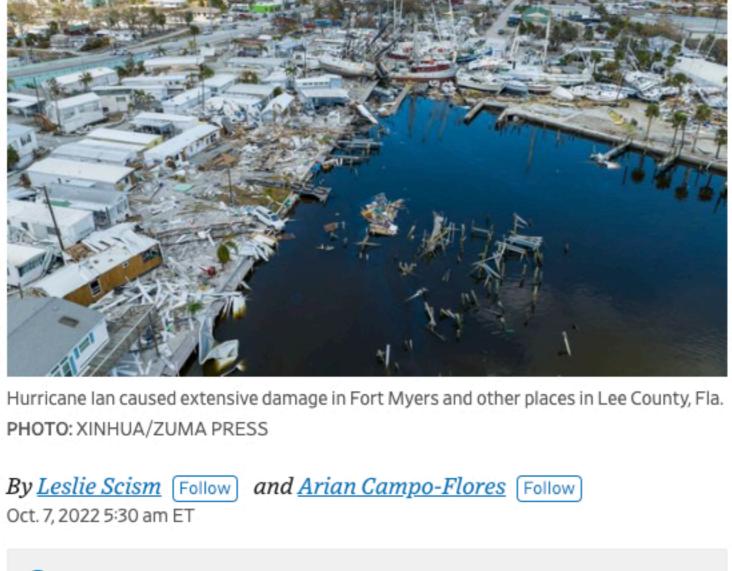
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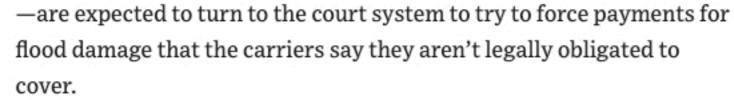


flooding for damage



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Litigation is looming for home insurers in Florida as cash-strapped, underinsured homeowners—paired with an aggressive plaintiffs' bar



Fewer than one-third to just over 40% of the Florida homes in the two coastal counties hardest hit by Hurricane Ian are covered by flood

decades have excluded flood damage. In some of the inland counties badly flooded by Ian's torrential rains, only a few out of every 100 homes have flood insurance. At stake are potentially billions of dollars in proceeds from homeowners' policies that, if homeowners get their way, could close some of the insurance gap and help people rebuild and repair homes.

Insurers say their flooding exclusions are solid and the premiums they

determining whether wind or water actually caused the damage isn't

The stage is set for a potential litigation frenzy akin to the one after

charged didn't bake in responsibility for flooding damage. But

always clear-cut, particularly if just a slab is left.

policies, although standard homeowners' policies in the U.S. for

Hurricane Katrina devastated parts of Louisiana and Mississippi in 2005, say industry executives, agents and attorneys. Plaintiffs' lawyers made headway in lower courts, often by challenging restrictive clauses in standard homeowners' policies dealing with dual wind and flooding damage. They asserted that some wording was ambiguous and should be interpreted in policyholders' favor.

Ultimately, many insurers prevailed on appeal, but it took years of legal expense, and there were numerous settlements along the way. The low uptake rate for flood policies "opens the door for immense litigation," said Barry Gilway, chief executive of Citizens Property Insurance Corp., Florida's state-run insurer of last resort. "You will

have attorneys lined up to take cases in instances when the cause of

Williams, wrote a note to the firm's clients last week to alert them to

likely lawsuits. "With so much at stake, some of those impacted will

see no choice but to turn to the courts in hopes of securing coverage,"

Mr. Maniloff said in an interview. "Necessity has long been a driver of

Chip Merlin, president of Merlin Law Group in Tampa, Fla., which

represents policyholders in conflicts with insurers, said his office

already is receiving calls from people who feel their home insurers

Randy Maniloff, an insurance-industry lawyer with White and

creative arguments for insurance coverage."

"We're doomed to go through it again."

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Hurricane Katrina devastated parts of Louisiana and led to insurance disputes that

sometimes took years to resolve.

loss is difficult to determine."

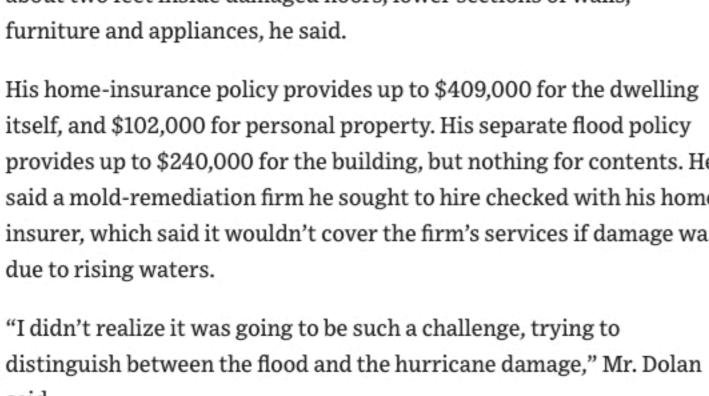
PHOTO: ROBERT F. BUKATY/ASSOCIATED PRESS

aren't treating them fairly. Some say they sought to file a claim but were directed to file with their flood insurer. Mr. Merlin's stance is that a claim should be filed with both home and flood insurers, to better ensure that damage from both wind and flood is identified and the homeowner can tap into both policies' proceeds. "These things often end up in court unfortunately," Mr. Merlin said.

the President Visits Florida President Biden praised Floridians' "grit" in the aftermath of Hurricane Ian during a visit to Fort

Myers Beach on Wednesday. He met with Gov. Ron DeSantis and surveyed the damage caused

Biden, DeSantis Discuss lan Response as



Insurers' adjusters are expected to be looking at such things as marks

"You parse out the damage done by wind vs. surge," said Melissa Burt

DeVriese, president of Security First Insurance. "Our adjusters are

left by floodwaters on walls and sand on floors to ascertain flooding

damage, while assigning responsibility to home insurers for such

things as roof replacement and broken upper-story windows.

experienced and can handle ensuring the customer is paid for

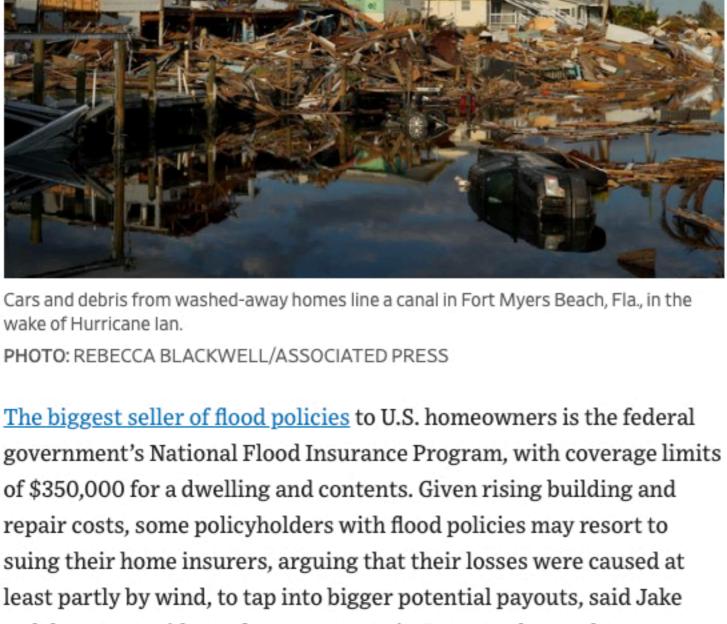
Especially tricky in Katrina were instances of obliterated properties, known as slab claims. There weren't wall markings or missing roofs to



everything that they are owed under the terms of their policy." provide clues. Ian left behind many slabs. "The house is gone: Did surge wipe it out, or wind?" said Mohsen

Rahnama, chief risk modeling officer for catastrophe-modeling firm

RMS. He said that estimating the amount that insurers will have to



wind damage if it occurred in conjunction with flooding, lawyers said. It is unclear how many of those clauses exist in Florida policies. Meanwhile, an added complication in Florida is that a small subset of home policies exclude not just flooding but wind damage. So homeowners would need not just a separate flood policy but a wind

Florida's plaintiffs' bar is

insurers over disputed

experienced at suing home

	homeowners insurance
	claims, while accounting
	for 79% of the nation's
homeowners insurance lawsuits over claims, according to the Florida	

Did Hurricane Ian damage your home? What

Office of Insurance Regulation.

one, too.

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insurance premium of \$4,231 is among the nation's highest, according to projections by trade group Insurance Information Institute.

believes Ian-related legal disputes are "unavoidable in a state with a trial bar that is already intimately familiar with the homeowners

insurance market." That said, legal precedents established in the Katrina lawsuits will help to "limit where this litigation can go," he said. Write to Leslie Scism at leslie.scism@wsj.com and Arian Campo-Flores at arian.campo-flores@wsj.com

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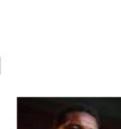


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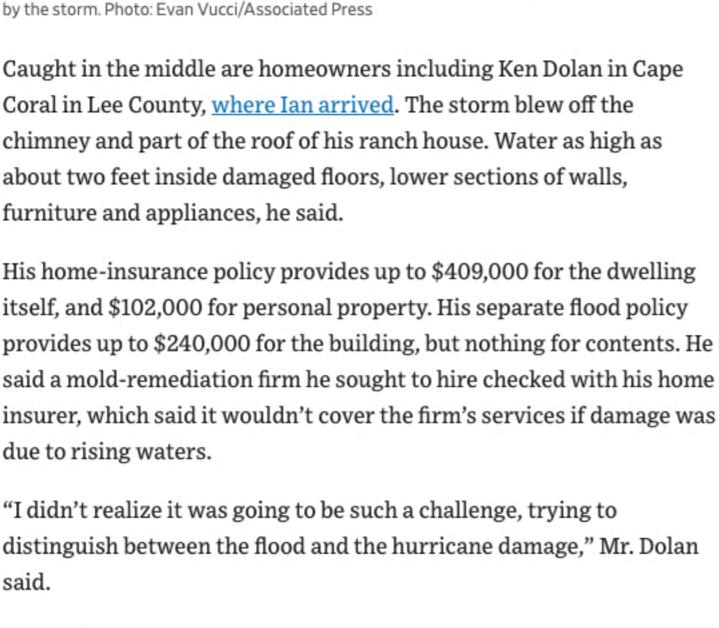
Randy Maniloff 🔻

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pay out from Ian has been hard to do at this point for a number of reasons, including the role of litigation, as it was with Katrina.

Holehouse, president of HH Insurance in St. Petersburg, Fla. As with Katrina, some insurers are expected to argue that their policies' "anti-concurrent causation" clauses exclude payouts for

claims. Florida represents has your experience been working with about 9% of the nation's insurers? Join the conversation below. wners insurance while accounting of the nation's

The litigation has contributed to double-digit premium-rate increases

for home insurance in recent years. Florida's average annual home-

Robert Hartwig, director of the Center for Risk and Uncertainty Management at the University of South Carolina's business school,