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Insurance gaps for Irene floods

By Michael Cooper *New York Times*

Hurricane Irene will most likely prove to be one of the 10 costliest catastrophes in the nation's history, but analysts warned that much of the damage might not be covered by insurance because so much of it was caused not by winds but by flooding, which is excluded from many standard policies.

Industry estimates put the cost of the storm at \$7 billion to \$10 billion, largely because the hurricane pummeled an unusually wide area of the East Coast.

Beyond deadly flooding that caused havoc in upstate New York and Vermont, the hurricane flooded cotton and tobacco crops in North Carolina, temporarily halted shellfish harvesting in Chesapeake Bay, sapped power and kept commuters from their jobs in the New York metropolitan area, and pushed tourists off Atlantic beaches in the peak of summer.

While insurers have typically covered about half of the total losses in past storms, they might end up covering less than 40 percent of the costs associated with Hurricane Irene, according to an analysis by the Kinetic Analysis Corp. That is partly because so much damage was caused by flooding and it is unclear how many damaged homes have flood insurance, and partly because deductibles have risen steeply in coastal areas in recent years, requiring some homeowners to cover \$4,000 worth of damages or more before insurers pick up the loss.

This could make it harder for many stricken homeowners to rebuild and could dampen any short-term boost to the construction industry that typically accompanies major storms, said Jan Vermeiren, the chief executive of Kinetic Analysis.

"Especially now that the economy is tight, and people don't have money sitting around, local governments are broke, and maybe people can't even get loans from the banks," Vermeiren said.

The governors of New York, New Jersey and Connecticut on Tuesday sought expedited disaster declarations from the federal government, which would pave the way for more federal aid.

Gov. Andrew Cuomo of New York wrote President Barack Obama that he had seen "hundreds of private homes either destroyed or with major damage and an enormous amount of public infrastructure damage." Gov. Chris Christie of New Jersey wrote the president that "immediate federal assistance is needed now to give New Jersey's residents a helping hand at an emotionally and financially devastating time."

Flooding and widespread power failures tied to the storm continued to affect tens of thousands of people in New York, New Jersey and Connecticut on Tuesday. And rivers and inland streams were still rising in New Jersey and Connecticut, forcing the evacuation of thousands of homeowners.

"I think this is going to end up being a bigger event than people think it is," Connecticut Gov. Daniel Malloy said.

Officials in states up and down the Eastern Seaboard said that it was far too early to tally up the damage.

In southern Vermont, the National Guard airlifted food, water and other supplies Tuesday to hundreds of people who were stranded in 13 towns that have been cut off by floodwater since Sunday. Mark Bosma, a spokesman for the Vermont Office of Emergency Management, said most of the isolated towns had no electricity and none had potable water because floodwaters had overwhelmed local sewage and water treatment plants.

More than 260 roads and 30 state bridges remained at least partly closed Tuesday because of the flooding, which in some areas remains a threat as larger rivers, like the Connecticut, are expected to continue rising until at least today as they gather runoff and flow from tributaries, officials said.

In Mendon, a part of Route 4, the main east-west route through central Vermont, was swept away, as were 35 bridges, including at least four historic covered bridges, officials said. Four railroad bridges in the state are also impassable, and Amtrak announced that it has suspended train service indefinitely on its Vermont routes.

"Some of the roads have literally washed away," said Sue Minter, the state's deputy transportation secretary.

Worried that the reports of the devastation could put off visitors as Vermont enters one of its prime tourist seasons – autumn always attracts legions of leaf peepers who come to gawk at foliage – the Vermont Chamber of

Commerce opened a Facebook page, VisitVT, in which local inns and other businesses could leave posts explaining whether they are open and whether they were damaged.

In Delaware, where popular beaches were evacuated last weekend, shutting restaurants and emptying hotels, Gov. Jack Markell is urging people to come back for the Labor Day weekend – and to bring friends.



Toby Talbot Associated Press

An aerial view shows Route 4 in Killington, Vt., on Tuesday as workers make repairs to the washed-out road.