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How the Pandemic May Affect Your Homeowner's Insurance

While COVID-19 continues raging across the country, the pandemic has made many people worry about their homeowner's insurance coverage.

We've all seen how the pandemic has damaged the U.S. economy and it is affecting the insurance industry as well, prompting some to worry about large policy rate hikes or their ability to pay their premiums on time, if at all.

There is also the possibility of increased costs of medical care due to how hospitals are having to work with non-COVID-19 patients, which could mean that any liability claims involving medical care could increase in cost.

While the overall effects from the pandemic have yet to be realized, here are some of the insurance questions homeowners have been asking.

Will my premiums go up?

With the widespread economic hit the economy has taken, it's natural to assume insurance companies have been too, which means they could need to hike their rates. There may be some lines of commercial insurance that will see premium hikes, but overall, homeowner's claims during the pandemic have been declining.

The pandemic has reduced the risk of burglaries because so many people are working from home or have no work, so they are, you guessed it: at home. Burglars aren't keen on breaking into homes that aren't empty.

On top of that, because many people are at home so much more than before, they are more likely to immediately notice other issues, such as a fire, leaks, and other issues that suddenly occur. If a homeowner is away when these events occur, the damage is likely to be more extensive, while someone who is at home can stop something like a fire before it gets out of control.

What if I can't pay my premiums?

Tens of millions of Americans have lost their jobs during the pandemic. One in four adults have had trouble paying their bills since the coronavirus outbreak started, a third have dipped into savings or retirement accounts to make ends meet, and about one in six have borrowed money from friends or family or gotten food from a food bank.

Naturally, paying an insurance premium instead of putting food on the table is really not a choice. Fortunately, many insurers have offered to temporarily suspend payments. If you are in this position, you can call your insurance company to make arrangements to keep your policy in force.

Do I need to increase my liability coverage?

Homeowner's policies, besides covering your structure, also provide liability protection should a guest injure themselves at your home or one of your family members damages a third party's property.

Usually, in these scenarios, you could file a claim against your homeowners' policy, but due to the pandemic, the cost of treating non-COVID-19 patients is costing more. Hospitals have to test and take many more precautions than before the pandemic, which is driving up the cost of care.

That could mean that your liability coverage limits may not be enough to pay any medical bills for a third-party claimant. Additionally, if you have a get-together at your home and someone claims they contracted COVID-19 there and can

prove it, you could be sued for negligence if you had people over knowing that one of them or one of your family had the virus.

To make sure your homeowner's policy can adequately cover injury claims, you may consider increasing the liability limits or purchasing a reasonably priced umbrella policy.

What if a claims adjuster wants to visit my home?

While this is something that many policyholders would naturally be afraid of in the current circumstances, the pandemic has made it more difficult for insurance companies to inspect the damage as they process a claim. Some may ask that you take pictures of the damage and also provide "before" photos if you have them.

Some insurance companies are performing exterior inspections on policyholders' homes while observing social distancing measures the entire time. Others are using virtual claims processing.

Filing a virtual claim takes no more than signing into an app or website, writing a report that details the extent of the damage or loss, and submitting photos and videos as evidence.

The takeaway

Fortunately, the pandemic fallout is limited so far for homeowner's insurance policyholders.

But when your renewal is coming up, you may want to call us about what to expect and if you should change some of your coverage limits. Your insurer may also be imposing policy language changes that could affect future claims. We can help you sort through it all.

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