

Insurance Perils – Part One

Ever had to read your insurance policy for a home, seasonal home or rental property? Then you probably ran head-first into the terms "hazard," "peril," or "cause of loss." These refer to events that could damage your property and which are covered by your insurance. While you may understand some terms, you may be confused by others. This article (and part two) briefly explains some common terms which, in some cases, may not mean the same as they do in the dictionary.

Fire - Fire has been defined by the courts as "combustion sufficient enough to produce a spark, flame or glow." By definition, a fire is not smoke. A fire is not charring. A fire must produce a spark, flame or glow. And not all fires are covered under the fire peril. Over the years, the courts have distinguished between "friendly" and "hostile" fire. A friendly fire is one that burns where it was intended to burn: a flame on a gas stove; a fire in a fireplace; fire in an outdoor grill.

A hostile fire is one that burns where it was not intended to burn: the kitchen drapes; the rug by the fireplace; a tree near the outdoor grill. Only direct damage caused by hostile fire (including smoke from a hostile fire) is covered by the fire peril.

Lightning - Lightning is "naturally generated electricity from the atmosphere." Damage covered by the lightning peril may be the result of lightning itself or the result of a fire caused by the lightning.

With regard to lightning, there is rarely a coverage problem when there has been a direct strike. The other common cause of lightning loss is the surge of electricity, typically caused by lightning striking power company equipment. Appliances in a house can be damaged by the electrical surge. The cause must be established for coverage to apply. A surge from malfunction of power company equipment, or a short circuit, would not qualify.

Explosion - In basic or stripped-down policies, explosion refers to any explosion that occurs within a structure that is covered by a given policy. However, several types of explosive events are usually excluded such as:

- bursting of water pipes
- electrical arcing
- explosions of steam boilers or pipes owned, leased or operated by the insured
- rupture or bursting of pressure relief devices

In more comprehensive policies, explosion also applies to events that originate externally.

Windstorm - The peril of windstorm involves damage caused by direct action of the wind, including high winds, cyclones, tornadoes and hurricanes. Windstorm coverage primarily covers wind damage to a building's exterior, but will also cover interior damage if the wind breaches the exterior (causes a hole or opening in a wall or roof).

Note that the wind must reach sufficient velocity to have caused direct damage at more than one location to establish a "windstorm" loss. However, leakage through an aging roof during heavy rain is not a basis for a windstorm claim. The windstorm peril does not cover loss to the following property when located outside of the insured building: awnings, signs, radio or television antennas or aerials including wiring, masts or towers; canoes and rowboats; lawns, plants, shrubs or trees.

Hail - Hail damage is just that: damage caused by the direct action of hail to insured property. As with windstorm, the hail or some other covered peril must cause damage to the outside of the insured dwelling allowing hail to enter the premises in order for interior hail damage to be covered. As a result, if a window were left open, allowing hail to enter a building, that damage would not be covered.

Similarly, the hail peril does not cover loss to awnings, signs, radio or television antennas or aerials including wiring, masts or towers; canoes and rowboats; lawns, plants, shrubs or trees when located outside of the insured building.

Riot or Civil Commotion - Riot usually refers to a gathering of three or more people that results in the use of force or violence against individuals or property. Damage caused to the insured property due to riot is covered under this peril. Coverage includes direct loss caused by striking employees whether a riot occurs or not. Civil commotion can be defined as an uprising or disturbance by a large number of people. As with riot, damage caused to the insured property due to such an uprising would be covered under this peril.

Bouvier's Law Dictionary summarizes five necessary elements of a riot: At least three persons must be involved; there must be a common purpose; there must be actual inception or execution of that purpose; there must be an attempt to help one another or to cooperate by force if necessary; there must be display of force or violence in such manner as to alarm a person of reasonable courage.

There may be no valid distinction between riot and civil commotion. "Civil commotion" has been described in courtrooms as "an uprising among a mass of people which occasions a serious and prolonged disturbance and an infraction of civil order, not attaining the status of war or armed insurrection. It requires the wild or irregular action of many persons assembled together.

Aircraft - The aircraft peril provides coverage from damage caused by aircraft, including self-propelled missiles and spacecraft.

Webster's New World Dictionary of the American Language defines "aircraft" as "any machine or machines for flying, whether heavier or lighter than air; airplane, dirigible, balloon, helicopter, etc."

This peril would apply to damage caused by the falling of an aircraft or any of its parts, on a covered dwelling and its contents.

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