

The Columbus Dispatch

May storms beastly

Insurers estimate Ohio's losses were third-highest ever

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BY **MARK WILLIAMS**

THE COLUMBUS DISPATCH

The deadly tornado that destroyed parts of Joplin, Mo., last month also left a big mark on Ohio, causing losses of historical proportions.

Overall, a six-day stretch of storms in May that included tornadoes spawned by the same system that hit Missouri also helped produce the third-costliest natural disaster for Ohio's insurers, according to preliminary estimates by the Ohio Insurance Institute.

So far, the insured damage has been pegged at \$322 million to \$400 million. Only the 1974 Xenia tornado and the 2008 wind storm caused by Hurricane Ike caused more insured losses in the state, the group said yesterday.

One storm packing hail the size of tennis balls near Dayton on May 25 damaged almost all homes and cars not under cover in a swath about 1 mile wide and 15 to 20 miles long, said Mike Grushon, co-owner of the Thomas & Grushon insurance agency in Bellbrook and Xenia.

"They got beat up pretty bad," Grushon said of the area, mostly a densely developed neighborhood of higher-priced homes. "I happen to live there, and it beat the living daylights out of my house."

He said his roof and gutters were devastated. Some of the siding on his home was damaged, a window was broken and even statues that his wife keeps in her gardens were ruined.

"It's unprecedented," said Pete Lore, vice president of claims for Nationwide, of the storms that have hit the country this year. "I've been in the insurance business for 17 years, and this is the worst spring I've seen."



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Hannah Hawkins, 17, celebrates a family friend's recovery of her teddy bear at her tornado-hit home in Liberty Township, Ohio. The home was damaged by storms in late May.



The same system that struck Joplin on May 22 didn't cause extensive damage in central Ohio but did in parts of southwestern and northern Ohio. At least nine tornadoes and damaging winds hit the state May 23-26.

Nationally, insured losses from that six-day period in 19 states are expected to total \$4billion to \$7billion, according to risk-modeling agency AIR Worldwide. The agency expects the tornadoes in April and May to be the costliest in U.S. history.

Insurance claims

About 68,000 claims from last month's storms in Ohio already have been filed, including an unusually high number of claims for vehicle damage caused by hail and wind damage from falling limbs and debris, according to the Insurance Institute.

About 40 percent of the claims involve vehicles; most of the rest are for wind and hail damage to roofs, gutters, siding, windows and outdoor property.

"In many cases, we're holding hands, taking photos, and showing up and giving reassurance," said Carla Charles of the Reichley Insurance Agency in Xenia.

Charles and other insurers have been putting in long hours and setting up special claims centers as they work to get homes fixed.

Grushon said he has been so busy helping customers that he doesn't even know how many claims he has handled during the past three weeks.

Insurers and agents say they will work quickly after a disaster, getting in contact with policyholders immediately if they can't stay in their homes and beginning emergency repairs. Once that is done, plans for a longer-term fix can be put in place.

Claims adjusters can even write checks on the spot and help homeowners pick contractors to do repairs if they don't know who to hire, they said.

"We're experts at this," Lore said.

The insurers also know that a big part of what they are doing during a catastrophe is comforting policyholders at a stressful time.

"It is our job to be the listener, the comforter," Grushon said. "At the same time, to get the business done as fast and efficiently as possible."

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Storm chasers

With catastrophic storms come storm chasers - the companies that flood neighborhoods, often months after a storm, offering to repair homes.

Be wary, insurers say, especially if these companies offer to take care of homeowners' deductibles; fix their homes for substantially less than what other contractors or the insurance company says it will cost; check homes for damage without the homeowner present; or want homeowners to sign a contract right away for repairs.

"If they're legitimate, they will (wait) for us to come out and write an estimate," Lore said.

Insurers know down to the ZIP code where homes have been damaged after a storm.

In some cases, Lore said, Nationwide even has gone to homes to solicit claims from policyholders.

"That's what you're paying insurance for," he said.

Insurance rates

The seemingly endless list of disasters could mean homeowners will have to pay more for insurance.

The cost of insurance in Ohio rose almost 10 percent in 2009 because of significant storm losses in 2008.

Insurers cannot recoup losses through insurance rates, but they can set future rates based on forecasts of severe storms that seem to be increasing.

Columbus-based State Auto Financial said last week that its second-quarter earnings will include between \$45million and \$50million in pretax losses from catastrophic storms in May. That's on top of the \$75million to \$85million in losses from catastrophic storms in April.

The insurer's typical losses for the second quarter run about \$50million.

"Last month continued an unprecedented 2011 pattern of deadly and destructive storms from Joplin, Mo., to Springfield, Mass.," said Bob Restrepo, the company's chairman, president and CEO, in a statement. Even with the drop in construction because of the economy, the cost of materials to fix or build homes has gone up 12 percent during the past two years, said Mary Bonelli, spokeswoman for the Ohio Insurance Institute.

"With the increase and frequency of natural disasters over the past several years, the cost of coverage will go up," she said.

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