The Importance of Insuring Vehicles from Flood Damage
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The heavy rainfalls from Hurricanes Harvey and Irma (2017) brought extensive flooding, accounting for billions of dollars in flood damage not only to homes, commercial buildings, and infrastructure, but to vehicles as well. Harvey was more of a flood event than a wind event, resulting in an enormous number of cars in the Houston area being submerged under water. According to Car and Driver, one million cars were destroyed by Harvey, making this the worst storm anywhere in terms of damaged cars.

The wrath of both Harvey and Irma demonstrates the importance of having insurance when a vehicle is damaged from flooding. Although flood damage is not covered under a standard homeowners insurance policy, it falls under the comprehensive coverage of an automobile policy. Hence, flood victims can get financial relief for their cars – but only if they have comprehensive coverage.

The massive vehicle damage caused by Harvey and Irma had a huge impact on auto insurers. The latest available data reveal that more than 265,000 personal and commercial auto claims from Harvey were filed, resulting in $3.8 billion of insured losses. Although Hurricane Katrina (2005) ranks #1 in terms of auto claims (350,000), Harvey’s insured auto-related cost was greater than Katrina and Superstorm Sandy (2012), i.e., $2.2 billion and $2.7 billion, respectively. On the other hand, Irma resulted in more than 131,000 auto claims and about $600 million of related insured losses.

1 Comprehensive coverage pays to repair or replace a covered vehicle that is stolen or damaged by something other than collision (e.g., fire, wind, hail, flood, theft, vandalism and hitting an animal).
2 Property Claim Services and Insurance Information Institute.