

## **Insurance**

Most property owners have homeowners' coverage insuring them from catastrophic loss. Did you know that a typical homeowners' policy does not protect you from loss in flooding or rising water? If you don't have flood insurance, check with your insurance agent for a price quote on your home and your furnishings.

Don't wait until the hurricane warning has been issued. There is a 30-day waiting period before flood insurance becomes effective, unless you are a new home-buyer.

Make a checklist to assist in determining your insurance needs. Additional information can be obtained from your county emergency management office.

### **Hurricane Insurance Basics**

- Homeowner, mobile homeowner and renter's insurance usually cover the following :

- Wind damage
- Rain damage that is a result of rain entering through a wind-damaged area
- Theft
- Vandalism and fire

If these damages occur, the insurance pays for emergency repairs to prevent further damage, additional living expenses, debris removal, actual cash value or replacement value of the damaged property, all depending on the policy.

- Flood insurance is sold separately, but usually in conjunction with homeowner's, mobile homeowner's and renter's insurance. It covers damage by the following types of water:

- Waves/tidal action
- Overflowing rivers, creeks, or lakes
- Groundwater runoff

Also covered by flood insurance are repair or replacement of damaged or destroyed buildings; compensation for damaged or destroyed personal property at its actual cash value; and debris removal.

- The comprehensive section of an auto insurance policy usually covers cars damaged by hurricanes.

### **Insurance Terminology**

#### **Personal Property Protection**

Provides protection against covered loss to movable property like a stereo, bicycle, furniture, or clothing. Most homeowners' policies set aside special coverage limits for certain items or categories of property like jewelry, money, and securities. You can increase the coverage limits for these and other possessions by selecting optional coverage with an endorsement or amendment to your base policy.

#### **Family Liability Protection**

Provides protection for insured persons who become legally obligated to pay for covered accidental bodily injury or property damage to others. This protection does not cover auto liability claims.

#### **Guest Medical Coverage**

Provides protection for your guests, who are accidentally injured on your property as a result of a covered loss. This protection pays for the reasonable and necessary medical expenses they incur, regardless of who was at fault.

#### **Additional Living Expenses Coverage.**

Reasonable increases in living expenses necessary to maintain your normal standard of living when a direct physical loss is incurred will be paid. The amount varies by the value of your home. This is paid while your residence is uninhabitable for up to the amount of time specified in the policy. This may include payments for the additional costs of a place to stay, food, and other increased living expenses.

### **Replacement Cost Coverage.**

In the event of a covered loss, you may be reimbursed for the cost you incur to replace many of your damaged contents with similar property, brand new. The total amount you'd be reimbursed is subject to the terms and conditions of your particular policy, including applicable deductible and coverage limits.

## **BEFORE THE STORM**

### **Make sure that you have adequate coverage**

Property values have increased markedly over the past few years. Also, you may have made some improvements that increased the value of your home. Make sure that you review your insurance policy carefully and know your coverage limits. Consider increasing your coverage, if it is not adequate.

### **Check Your Policy for Flood and Windstorm Coverage**

As we stated earlier, a standard homeowners' policy does not cover flood damage caused by rising water. If you live in a flood prone area, you should talk to your agent about obtaining flood insurance. Standard homeowners policies usually cover windstorm damage caused directly from wind or hail. Check to be sure a windstorm exclusion has not been written into your policy. If you have any questions about whether your policy covers windstorm damage, contact your insurance agent.

### **Contact Your Agent to Discuss Possible Policy Changes**

Your insurance agent can provide information about rates and coverage and can assist you in making any necessary policy changes.

### **Know What Your Current Policy Does and Does Not Cover**

Standard homeowners policies usually limit coverage on items such as valuable jewelry, art collections and antiques. You may need additional coverage for them.

If your home is 50% or more destroyed, it may cost more than your homeowner's policy will pay to build it back to CURRENT building and life safety codes, unless you have a "rider" added to it, which covers this contingency.

Most homeowners' policies do not cover backup of septic tanks or sewers into your home, unless you have added a "rider" to your policy covering this type of flooding.

### **Update Your List of Personal Belongings**

Make an itemized list of your belongings, their cost, dates of purchase, and serial numbers, if appropriate. Your insurance company will probably require proof of the cost of any item for which a claim is made. Photographs and/or videotapes are also good ideas that you may wish to consider.

### **Safeguard Your Records**

Keep a copy of your insurance policies and inventory records in a safety-deposit box or with a relative or friend. If your property is damaged, it will be to your advantage to have access to this information. You may choose to take a copy with you if you evacuate.

### **Flood Insurance:**

The [National Flood Insurance Program](#) (NFIP) offers flood insurance to residents in communities like ours, which adopt appropriate standards and land-use controls.

The NFIP requires new construction and reconstruction in flood-prone areas to elevate at or above the Base Flood Elevation to reduce the risk of flooding in the building itself. The NFIP also requires structures damaged more than 50 percent of the value to be rebuilt to current standards, including elevating the structure.

Make sure your insurance policy will cover the replacement costs of your home and belongings and any additional costs to rebuild.

1. *There is usually a 30-day waiting period before the coverage goes into effect.*
2. *Federal disaster assistance is NOT the answer.*

**1. Everyone lives in flood zone.**

- You don't need to live near water to be flooded.
- Floods are caused by storms, melting snow, hurricanes, and water backup due to inadequate or overloaded systems, dam or levee failures, etc.

**2. Flood damage is not covered by homeowner's policies.**

- You can protect your home, business, and belongings with flood insurance from the National Flood Insurance Program.
- You can insure your home with flood insurance for up to \$250,000 for the building and \$100,000 for your contents.

**3. You can buy flood insurance no matter what your flood risk is.**

- It doesn't matter whether your flood risk is high, medium, or low, you can buy flood insurance as long as your community participates in the National Flood Insurance Program.
- And, it is a good idea to buy even in low or moderate risk areas; almost 25 percent of all flood insurance claims come from low to moderate risk areas.

**4. There is a low-cost policy for homes in low to moderate-risk areas.**

- The Preferred Risk Policy is available for just over \$100 per year.
- You can buy up to \$250,000 of coverage for your home and \$60,000 for your contents.

**5. Flood insurance is affordable.**

- The average flood insurance policy costs a little more than \$300 a year for about \$100,000 of coverage.
- In comparison, a disaster home loan can cost you more than 4300 a month for \$50,000 over 20 years.

**6. Flood insurance is easy to get.**

- You can buy NFIP flood insurance from private insurance companies and agents; call your's today!
- You may be able to purchase flood insurance with a credit card.

**7. Contents coverage is separate, so renter's can insure their belongings too.**

- Up to \$100,000 contents coverage is available for homeowners and renters.
- Whether you can rent or own your home or business, make sure to ask your insurance agent about contents coverage. It is not automatically included in your building coverage.

**8. Up to \$1 million of flood insurance is available for non-residential buildings and contents.**

- Up to \$500,000 of coverage is available for non-residential buildings.
- Up to \$500,000 of coverage is available for the contents of non-residential buildings.

**9. There is usually a 30-day waiting period before coverage goes into effect.**

- Plan ahead so you are not caught without flood insurance when a flood threatens your home or business.

**10. Federal disaster assistance is not the answer.**

- Federal disaster assistance is only available if the President declares a disaster.
- More than 90 percent of all disasters in the United States are not Presidentially declared.
- Flood insurance pays even if a disaster is not declared.

## **AFTER THE STORM**

### **Beware of "Fly-by-night" Repair Businesses**

Hire reputable and preferably local service people. They should have occupational licenses issued by either the City or the County.

### **Report Damage to Your Insurance Agent Immediately**

Your agent should provide you with claim forms and arrange for an insurance adjuster to visit your property and assess the damage.

### **Make and Document Emergency Repairs**

Your policy probably requires that you make emergency repairs to prevent further damage to your home or contents. Keep all receipts and take photographs of the damage before and after emergency repairs to submit with your claim.

### **Take Precautions if the Damages Require You to Leave Your Home**

Secure your property. Remove valuable items. Lock windows and doors. Contact your insurance agent and leave a phone number where you can be reached. These same precautions should be taken, if you are required to evacuate, before a storm.

### **Looting**

Looting has occurred in many communities after a hurricane. Criminals may take advantage of the opportunity to enter evacuated homes and businesses. Local law enforcement agencies and, if necessary, the National Guard will do everything possible to minimize looting. Place jewels and valuables in a sealed freezer bag in your safety deposit box or take them with you when you evacuate.

### ***People who want to make insurance claims must do two things:***

1. Give notice of loss - Let your insurance company know you've sustained a loss. You can do this by phone or in person.
2. Show proof of ownership and damage - documentation of what you lost and what it was worth.

- ▶ It's fairly easy to document you had a home - it's on the property tax rolls. The county property assessor can give an estimate of its assessed value.
- ▶ As for ordinary household items - furniture, appliances, clothing - you'll be covered. There usually isn't any type of controversy over that.
- ▶ You likely won't get an argument if you say you had a TV and VCR, even without receipts, but if you try to claim that you just had your entire kitchen redone last month with top of the line appliances, be prepared to provide receipts or documentation from your suppliers.
- ▶ Controversy arises when you claim unusual items; jewelry, artwork, furs, antiques, without receipts or documentation.
- ▶ Ideally, you'll have separate insurance riders for these big-ticket items, and appraisals for unique or valuable items such as works of art. Receipts and appraisal documentation belong in your safe deposit box.

### **BEFORE A HURRICANE THREATENS, THE INSURANCE INDUSTRY REPRESENTATIVES SUGGEST:**

- Read your policy to see exactly what coverage you have. If you don't understand, get your agent to explain it.
- Find out whether you have "guaranteed replacement cost" insurance - what would it really cost to replace your home and contents at current value. Or do you have "actual cash value" - depreciated cost? Does your policy have an automatic "inflation guard" to keep up with your costs?
- Be aware that your homeowner's policy does not cover flood damage. You must have separate flood insurance through the National Flood Insurance Program.
- Many homeowner's policies also have windstorm protection which is an additional cost and deductible. If your policy does not have windstorm protection, either purchase it or ensure your policy covers hurricane windstorm damage.
- Know your insurance carrier and make sure you have the phone number for the company. Keep your policy in a safe place; if you evacuate take the policy with you.

- If you rent, be aware that your landlord's insurance does not cover your possessions. You need your own renter's insurance policy. Also, if you live on the ground floor of an apartment or condominium or in a single family dwelling, you will also need to purchase flood insurance.
- There is a 30-day waiting period on flood insurance from the time you apply to the day it is effective. If you wait until the hurricane warnings go up it is too late.
- Likewise, when a hurricane watch or warning is announced, agents lose their "binding authority" – their authority to enact insurance policies – until the watch or warning is cancelled. Some insurance companies will not write policies when a tropical storm is in the Atlantic or Gulf.