PREDISASTER INSURANCE CHECKUP

Just because you pay for insurance doesn’t mean you have the insurance needed

I. Some insurance companies use no agent, others licensed agents, and other brokers.
   A. Online cut rate companies usually have no assigned agent leaving customers to work direct with the companies. (Geico and Progressive)
   B. Captive companies have agents who are licensed by their States to represent the insurance companies. (Allstate, Farmers, State Farm)
   C. Brokered companies have their products sold through Brokers who are licensed by their States to represent the customer. Law mandates that Brokers be advocates for the customer.

II. What a home owners policy should have, perils, and rates: [discussion]
   A. Structure, Personal Belongings, Liability Protection/Medical Payment, Additional Living Expenses (ALE).
   B. “Peril”; the specific reason for loss or risk; some policies only cover what is specified, others anything but what is specified. You must know what peril is covered, what is not, insure accordingly, or assume potential loss.
   C. Insurance companies and their agents monitor the average possessions and values of a given area. Collections and high value items may not be covered if it exceeds an areas average. Collections and/or high value items must be covered by riders or floaters.
   D. One may never file a claim and see their rate jump if a region has seen a large number of claims, such as after a disaster. One may see their rates go up if they file a claim for one peril, and the damage was caused by some other.

III. Do Your Part AKA Other Ways That Insurance Companies Get Out of Paying.
   A. Mitigation of damage: If something occurs the homeowner is contractually obligated to mitigate further damage or the insurance company will not pay for the additional damage.
      Example: If high winds damages a roof during a storm the insurance company expects a homeowner to stretch a tarp or other barrier over the area with the hole or missing shingles. The insurance company will only pay for repairs to the damaged roof. If water damage also occurs as a result water flowing in the damaged area then the homeowner will be responsible for that cost if they have tried to mitigate the damage.
   C. Documentation: keep logs of serial numbers, receipts for expensive items, and pictures as documentation.
   D. Most policies do NOT cover firearms away from the residence.

IV. Flood Insurance is mandated by the Federal Government in some places.
   A. Mandated by the government but administered by insurance companies.
   B. No payment of claims unless more than 2 acres are affected and/or
   C. No payment of claims if a neighbor's property is not also damaged.
   D. No payment claims and or dramatically increased rates if a substantially improved structure is not brought into compliance with NFIP regulations and standards (elevated or flood proofed.).
   E. Flood Underwriting Guidelines:
      1. Water has to cover at least 2 acres of land that’s normally dry, or has to have damaged two or more properties (one being your home).
      2. Also, the water has to come from:
         a. Overflowing inland or tidal waters.
         b. Unusual, rapid accumulation or runoff of surface waters from any source.
         c. Mudflow (that’s mud carried by a flow of water, creating a river of mud).
         d. You are covered when shorefront land collapses or sinks due to waters above “anticipated cyclical levels.”
         e. Water and seepage that comes from sewer or drain backups, or a sump pump that overflows is not considered a flood.
   F. Earthquake and Earth Movement coverage. [discussion]