



# Insuring Against *A HURRICANE*

*Protecting Your Home or Business Against  
Hurricane-related Financial Losses*



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**The Browning Agency**  
Of Ponte Vedra, Inc.

# About The Browning Agency

A trusted choice for more than 20 years, The Browning Agency of Ponte Vedra offers inspired solutions to a broad range of insurance needs.

We proudly serve many of Florida's finest individuals and businesses.



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# Purpose Of Today's Presentation

- In the wake of Hurricane Charley, questions have been raised:
  - Do I need flood insurance?
  - How are deductibles calculated?
  - Who insures beachfront property?
- The Browning Agency wants to help our community learn more about these important issues



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# Presentation Outline

This presentation covers the following:

- FEMA's Role
- Private & State Sponsored Insurance
- Property Insurance Overview
- Understanding Hurricane Deductibles
- Flood Insurance Basics



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# Presentation Outline

This presentation covers the following:

- Understanding Flood Zones
- Who Needs Windstorm Insurance
- Insuring Commercial Enterprise
- Business Income Protection
- Resources



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# Important Notice

We are pleased to provide this material as a service to the community. However, it is designed for educational purposes only and is not a solicitation or endorsement.

Insurance coverage varies by company and policy. Individual circumstances also dictate which insurance is right for you. Please refer to your own policy, or consult a licensed agent, for information relevant to a specific need or situation.



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# Who's Watching Out For You?

Public and Private Protection  
for Homes & Businesses



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# Protecting Your Home or Business

- Having the right insurance helps you bounce back financially should you fall victim to accident, illness, natural disaster or other covered perils.
- Supplementing insurance are many government programs designed to meet social needs not addressed by private industry.



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# The Role of FEMA

- The Federal Emergency Management Agency, “FEMA”, works with state and local government to prepare for, respond to, & recover from disasters.
- Two important FEMA programs are:
  - National Flood Insurance Program
  - Disaster Assistance Program



# The Role of Insurance

Simply put, insurance is the pooling, and cost-sharing, of common risks.

Insurance is available through:

- Private insurance companies
- State-sponsored companies
- Federal programs



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# Private Companies

When most people think of insurance, they think of private industry.

Like all private companies, private insurers must stay profitable to survive.

But, they're also heavily regulated by the state, in terms of what they sell, who can sell it, & how much to charge.



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# State Sponsored Companies

Those with property deemed high risk – in oceanfront or flood-prone areas, for example – may find it difficult to obtain private insurance coverage.

To help address this problem, in 2002 Florida lawmakers formed *Citizens Property Insurance Corporation*.



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# State Sponsored Companies

Citizens Property Insurance Corp.  
writes coverage for consumers who  
can't get coverage elsewhere.



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# Federal Programs

The federal government has also created programs for those with special insurance needs.

The National Flood Insurance Program, as we will discuss later, is an example.



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A circular inset image showing a hand holding a pen and signing a document. The document has the words 'PROPERTY INSURANCE' visible at the top. The background is a solid blue color.

# Insuring Property Before the Storm



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# Property Insurance

Property insurance generally covers:

- The cost of repairing or replacing a home or business structure,
- The structure's contents, and
- Loss of use if the property is lost or damaged by a covered peril.



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# Homeowner Named Perils

Basically, there are 16 named perils for which homeowner's insurance offers protection.

Your policy specifies which perils it covers. As a rule, the more perils your policy covers, the more it costs.



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# Homeowner Named Perils

1. Fire or lightning
2. Windstorm or hail
3. Explosion
4. Riot or civil commotion
5. Aircraft
6. Vehicles
7. Smoke
8. Vandalism or malicious mischief
9. Theft
10. Falling objects



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# Homeowner Named Perils

11. Weight of ice, snow, or sleet
12. Accidental discharge or overflow of water or stream
13. Sudden and accidental tearing apart, cracking, burning or bulging
14. Freezing
15. Sudden accidental damage from artificially generated electrical current
16. Volcanic eruption



# Homeowner Coverage Options

Broad Form Coverage (HO-2) covers all 16 perils listed here.

Special Form (HO-3) covers the home for everything not specifically excluded.

Modified Form (HO-8) covers property against the first 9 perils, plus volcanic eruption.



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# Homeowner Special Form

In addition, special form coverage may be available for purchase by those needing specific protections.



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# Business Perils

1. Fire and removal
2. Lightening
3. Explosion (but not rupture, bursting, or operation of pressure relief devices)
4. Windstorm or hail
5. Smoke
6. Aircraft



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# Business Perils

7. Riot or civil commotion
8. Vandalism
9. Sprinkler leakage
10. Sinkhole collapse
11. Volcanic eruption
12. Special form coverage



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# Coverage Limitations

To keep homeowners and commercial insurance protection affordable, some limits to coverage may apply. They generally take one of two forms:

- Exclusions
- Deductibles



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# Policy Exclusions

Exclusions are persons, property, perils or situations (generally high-risk) not covered under a standard policy. In Florida, common exclusions are:

- Flood damage
- Hurricanes
- Sewer back-up



# Policy Deductibles

- Policy deductibles represent a minimum claims threshold, below which the policy holder – not the insurer – is responsible for losses.
- This is the amount the policyholder must pay *per claim or accident* before collecting from an insurer.



# Hurricane Deductible

- Since hurricanes pose such a high risk in Florida, a higher deductible applies to hurricane losses.
- It's important to understand how much your hurricane deductible is – and what triggers its application.



# Hurricane Deductible Amount

Depending on the policy, your hurricane deductible can be either:

- A fixed amount (\$250 to \$500), or
- A percentage of the insured property's value (generally 2%-5%)

*Your policy's declarations page spells out the terms of your hurricane deductible.*



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# Hurricane Deductible Amount

*Example:*

If your Dwelling Coverage amount is \$300,000, and

Your Hurricane

Deductible is 2%

Hurricane Deductible

Amount Will Be \$6,000

\$300,000

x .02

\$6,000

*Your policy's declarations page spells out the terms of your hurricane deductible.*



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# Hurricane Deductible Triggers

Most insurance companies define hurricane coverage as follows:

- National Weather Service's Hurricane Center has declared the storm to be a hurricane

*Read your policy for specifics on how your insurer defines its hurricane coverage.*



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# Hurricane Deductible Triggers

- Occurrence begins when a hurricane watch or warning is issued by the NHC for any part of Florida
- Ends 72 hours following the end of the last NHC issued hurricane watch or warning for any part of Florida.

*Read your policy for specifics on how your insurer defines its hurricane coverage.*



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# Wading Through Flood Coverage

What Is It? Who Needs It?



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# What Is A Flood?

- Floods are caused by storms, snow melt, hurricanes, and water back-up arising from inadequate drainage systems, dam or levee failures.
- You don't have to live near water to get flooded.



# What Is A Flood?

- According to the NFIP, two adjacent properties have to be under water to call the situation a flood.
- In a rural area, at least 2 acres must be submerged.



# What Is Storm Surge?

- Storm surge occurs when water is pushed toward shore by wind swirling around the storm. When it combines with normal tides, it can increase the mean water level 15 feet or more.
- Ivan generated a 16-foot storm surge when it made landfall in FL-AL.



# Rising Water vs. Wind Driven Rain

- All water damage is not alike.
- Standard homeowners and business insurance policies generally cover damages caused by wind-driven rain.
- Damage caused by rising water would be covered under a separate flood insurance policy.



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# Rising Water vs. Wind Driven Rain

- If you experience damage caused by both rising water *and* wind-driven rain, both your property insurance and your flood insurance will come into play:
  - Separate policies
  - Separate claims (and deductibles)
  - Claims/benefit coordination by insurers



# Do I Need Flood Insurance?

- Standard homeowners and business policies **do not** cover flooding.
- Property owners in a designated Special Flood Hazard Area (SFHA) are required to purchase flood insurance.
- Sometimes lenders require flood insurance on non-SFHA properties.



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# Flood Insurance Availability

- Flood insurance is available to virtually everyone through the National Flood Insurance Program.
- A 30-day waiting period usually applies before coverage takes effect.



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# Flood Insurance Availability

- Homeowners can get up to \$350,000 total flood coverage
  - Up to \$250,000 for building
  - Up to \$100,000 for contents (renters)
- Up to \$1-million total coverage is available for non-residential buildings
  - Up to \$500,000 for building
  - Up to \$500,00 for contents



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# Flooding Frequency Designations

Flood frequencies note percentage chance of flooding in any one year.

- **10 Year Flood Zone.** Property has a 10% chance of flooding in any 1 year.
- **25 Year Flood Zone.** Property has a 4% chance of flooding in any 1 year.
- **100 Year Flood Zone.** Property has a 1% chance of flooding in any 1 year.



# FEMA Flood Zones and SFHAs

- FEMA has mapped out flood zones on its flood insurance rate map.
- Each zone -- **A**, **B**, **C**, **D**, **V**, and **X** -- represents a different degree of flood risk. The greater the risk, the higher the premium.



# FEMA Flood Zones and SFHAs

- Zones **A** and **V** are considered high risk Special Flood Hazard Areas. Here FEMA requires flood insurance.
- FEMA does not require flood insurance in zones **B**, **C**, **D**, and **X**. (But your lender may.)





# Windstorm Insurance

What Is It? Who Needs It?



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# What Determines Cost/Availability?

Cost and availability of wind insurance is determined by the property's:

- Type of construction,
- Size of structure,
- Proximity to water, and
- Location.



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# Do I Need Windstorm Coverage?

Most homeowners and business policies cover damage caused by windstorms, hurricanes and hail.

In some high risk areas, though, **oceanfront property**, for example, insurance companies exclude windstorm coverage.



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# Private Wind Coverage - Business

Small and medium size businesses may be able to get wind coverage through International Catastrophe Insurance Managers, LLC (ICAT).

ICAT provides commercial insurance through a group of private companies.



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# Last Resort Insurer for High Risk

Where coverage is not available from a private insurer, windstorm policies may be provided through state-sponsored **Citizens Property Insurance Corp.**

It offers wind-only policies in qualifying areas -- primarily coastal areas in southeast and west central Florida.



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# Covering Commercial Enterprise



Business Insurance Definitions



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# Commercial Property Coverage

Standard commercial insurance packages generally include:

- **Building and Personal Property Coverage** that insures
  - structures,
  - business-owned property
  - property of others in the insured's care, custody or control on premises



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# Commercial Property Coverage

Standard commercial insurance packages generally include:

- **Debris Removal** – clean up costs related to a covered peril
- **Preservation of Property** – cost of moving covered property to a safe, temporary location
- **Fire Department Service Charge**



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# Commercial Coverage Extensions

Typical commercial insurance add-ons:

- **Automatic Coverage** – 30 days  
automatic coverage for new onsite construction or building acquisition
- **Personal Effects & Property (Others)** -  
covers personal effects of named insured, partners & employees



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# Commercial Coverage Extensions

Typical commercial insurance add-ons:

- **Valuable Papers** – Covers cost to research, replace, restore lost information from papers & records
- **Outdoor Property** - Fences, radio/TV antennas, detached signs, trees and shrubs (only for fire, lightning, explosion, riot, civil commotion or aircraft – not hurricane)



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# Builders Risk Coverage

- This property insurance covers buildings during the course of construction.
- Covers the structure, construction supplies and equipment on the site.
- Terminates upon occupancy (60 days) or if construction is abandoned with no intent to complete it.



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# Business Income Coverage

- Sometimes called “Business Interruption Insurance” it protects against lost business income arising from covered property damage.
- Kicks in three (3) or more days after the date of direct damage. This waiting - or restoration - period serves as a deductible.



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# Business Income – Extra Expense

Business Income Extra Expense coverage reimburses special expenses incurred to avoid or minimize the suspension of business.

For example, if a business can reopen more quickly, by paying a surcharge to express ship replacement equipment, the Extra Expense insurance would cover the additional shipping cost.



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# Want To Learn More?

Insurance Protection & Storm Coverage

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# Resources

- Florida Dept. of Financial Services  
[www.fldfs.com](http://www.fldfs.com)
- Federal Emergency Mgmt. Agency  
[www.fema.gov](http://www.fema.gov)
- Federal Alliance For Safe Homes  
[www.flash.org](http://www.flash.org)



# Resources

Call or visit our website for more links and information:

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**(904) 285-3430**

**(800) 392-3430**

[www.browningagency.com](http://www.browningagency.com)



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