



February 15, 2019

HOMEOWNER INSURANCE – KEY FACTS

What types of Homeowners forms?

Four forms:

- Mobile Home

- Dwelling policy

- HO-3 policy form

- HE- 7

Dwelling

Named Perils – It isn't a comprehensive policy. So, please understand that you need to know that even though it is cheaper, it may not provide the best coverage.

Ask Agent for best form for Risk!

HO-3

Does not cover flood!

Ask for Replacement cost-

125%

Mold – \$5,000

Golf carts are covered for physical coverage, if they are used for the house. If covered here, it would not include liability or flood. OTHERWISE, IT WOULD BE COVERED UNDER AUTO and ask for comprehensive and collision. This would include flood.

No coverage for wind driven rain...on personal property... but it should be covered for structure. There is no wind driven coverage under a DWELLING POLICY!

Named Storm Regulations

Deductibles – the Named storm just really changes the amount of the overall deductible. So, it does not affect the other coverages.

Some do not have this.

Check policies! 2% or 5% of coverage A

Named Storm- Regulations

- \$100,000 dwelling (Coverage A)
- \$1,000 deductible
- Named storm 2% - \$2,000

Check policies! 2% or 5% of coverage A

Loss of Use (Evacuation)

Additional Living Expenses:

If a loss covered under Section I makes that part of the “resident premises” where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

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HO-3 – Refrigerator coverage

Ask for endorsement for refrigerator/ freezer -\$500

FLOOD AND WATER LOSSES – KEY FACTS

What Qualifies as a Flood?

"A flood is a **general and temporary condition** where **two or more acres** of normally dry land or **two or more properties** are **inundated by water or mudflow.**"

What is NOT Flood?

- Erosion from regular tides and currents
- Sewer backup
- Burst pipes or other running water inside a structure
- Rain that enters a structure due to damage to the structure's roof or walls
- Wind-driven rain
- Sinkholes or subsidence of land not defined as flood

What is Wind-Driven Rain?

- Rain that penetrates a building that has not sustained damage
- Rain that seeps in around windows during a windstorm is wind-driven rain
- Some NCJUS/NCIUA policies have coverage for wind-driven rain with an opening, others do not – consult your policy documents

Water Damage from Windstorm

Damage from rain (water) that enters the home through an opening caused by damage from windstorm, is covered under your wind and hail or homeowners policy, not your flood policy.

National Flood Insurance Program

- Administered by FEMA
- Policies are sold by insurance agents through insurance companies who service the policies
- Flood policies, procedures, and rules are dictated by Federal law.
- All disputes go to FEMA and/or Federal court
- The NC Commissioner of Insurance can't override NFIP decisions

NFIP – New Rule on Principal Residence

- In order to be considered a **primary residence**, the policyholder or policyholder's spouse must live in the house more than 50% of the time.
- In order to be considered a **principal residence**, the policyholder or policyholder's spouse must live in the house at least 80% of the time.
- Only PRINCIPAL residences qualify for replacement cost insurance.

Private Flood Insurance

- Contractual relationship between the issuing insurance company and the policyholder
- If an admitted carrier, all forms are approved by the NC Commissioner of Insurance who has full oversight
- If a non-admitted carrier, there is no NC control of the policy forms, but NC Commissioner of Insurance does have oversight of their business activities in the state.

Mandatory Flood Coverage

- Structures secured by a FEDERALLY INSURED mortgage must carry flood insurance if they are in the Special Flood Hazard Area – Zone A or Zone V
- Other structures in Zones A and V may purchase flood coverage, but it is not required by federal law
- Structures in other flood zones (B,C, or X) may purchase flood coverage, but it is not required by federal law

High-Value Homes

- Maximum Coverage under NFIP for a home is \$250,000
- Excess coverage is available from private insurance companies
- This does mean that the federal government has oversight of the NFIP policy and the NC Commissioner of Insurance has oversight of the excess flood policy

Coastal Barrier Resources System

- NFIP will not allow flood insurance to be placed on structures in the CBRS area unless the structure being insured was built prior to 1982 and it is located in a participating community in the NFIP
- If coverage is in placed in error and a claim occurs, the claim will NOT be paid. (Premiums should be refunded)

Flood Maps

You can find the flood zone of your property using the FEMA Flood Map Service Center:

<https://msc.fema.gov/portal>

FEMA Grant Programs

- Highest priority are Severe Repetitive Loss properties
- Application is made through your local government
- FEMA may pay up to 90% for repetitive loss property mitigation
- Can be coordinated with state and local grants and ICC (Increased Cost Compliance) coverage
- ICC provides up to \$30,000 to elevate, demolish, and relocate your home.

CLAIM HANDLING- WIND OR WATER?

NFIP Claims Handling

- Adjusters are independent (not Federal employees)
- Must file the proof of loss form before deadline!
- Dispute resolution
 - Appeal to FEMA
 - Federal courts have jurisdiction

No Flood Insurance – FEMA Assistance

- Take photos of everything
- FEMA will ask you to apply for a Small Business Loan (you don't have to take it)
- Any money > \$25,000 will put a lien on your house
- Must be current with IRS

NFIP VS. FEMA

- The average FEMA grant in 2017 was \$4,300.
- The average flood insurance claim was \$115,000.

Dave Maurstad, FEMA Deputy Associate Administrator

NCJUS/NCIUA Claims Handling

NC allows 3 years to file a claim

Dispute resolution:

Appeal to NCJUA/NCIUA – 919-821-1299

Appeal to NCDOI – 855-804-1212

Appeal to NC courts – 919-831-3600

Flood Plan – 800-427-4661



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Claims Handling – Wind and Flood

- Separate adjusters
- Rely on inspection of property, expert opinions
- Flood disputes handled in Federal Court
- Wind and Hail disputes handled in State Court
- There is NO easy way to resolve a claim if wind adjuster and flood adjuster come to different conclusions

Three policies

- Homeowners Standard Policy- HO -3 with endorsements
- Wind and Hail
- Flood

Recommend: An Umbrella policy

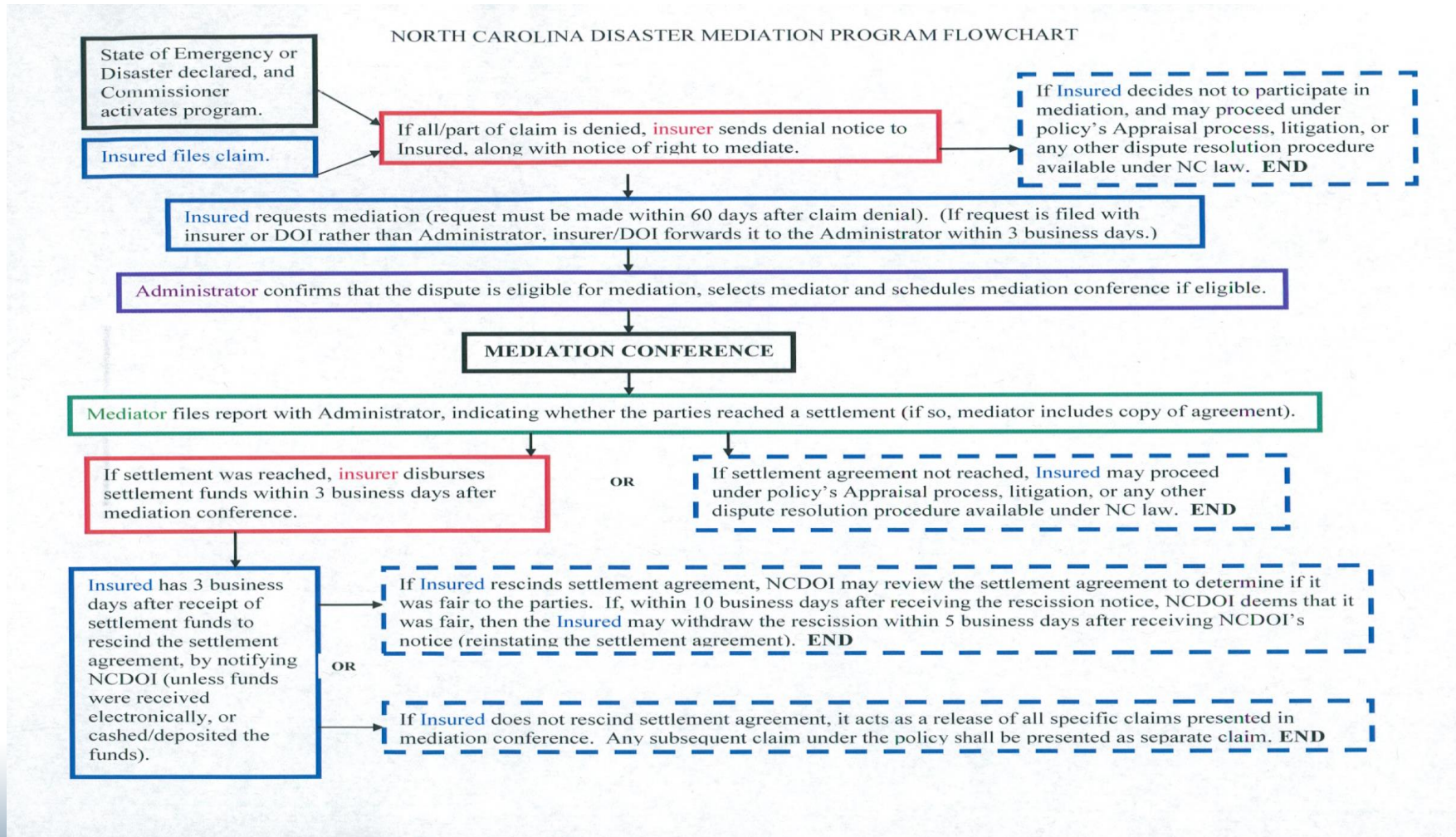
And, golf carts on auto policy with comprehensive coverage!

Disaster Mediation

The Commissioner of Insurance may issue an order establishing the Disaster Mediation Program following a state of disaster proclaimed by the Governor or declared by the President.

Eligible individuals who have had a homeowners insurance claim partially or completely denied can request a mediation conference in which an independent mediator with no connection to the insurance company will facilitate discussion between the insurance company and the policyholder to help them reach a resolution.

Disaster Mediation



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Thank YOU!