



Bald Head Association ~ “The voice for BHI property owners”

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BHA’s Insurance Q&A Roundup

Many questions about insurance arose in the wake of Hurricane Florence. Property owners dealing with a storm for perhaps the first time have learned the importance of a good insurance policy and a well-informed agent in preventing problems after a hurricane.

On Saturday, February 16, 2019, BHA hosted a panel of insurance professionals to answer property owners’ questions. BHA received numerous questions prior to the event for the panel to answer. To help ensure proper insurance coverage for BHI homes and golf carts, BHA encourages every current, new and potential property owner to view the recorded session and discuss their insurance coverage with their agent. Both the event and the NCDOI (North Carolina Department of Insurance) presentation links are on the BHA homepage at BaldHeadAssociation.com.

Panelists included Dr. Michelle Osborne, Chief Deputy Commissioner, NCDOI; Marcia Kelly, Regional Director — Coastal Southeast, NCDOI; Angela P. Hatchell, Deputy Commissioner Agent Services Division, NCDOI; Jerry Frye, Hazard Mitigation Program Supervisor Floodplain Management and Insurance, FEMA/DHS; and Bob Keiger, retired insurance professional and BHI homeowner.

According to Dr. Osborne, homeowners on Bald Head Island should have these policies at a minimum:

1. Flood policy
2. Standard homeowners policy (i.e., HO-3 or HE-7), including wind-driven rain, replacement cost for house and endorsements such as sewage backup
3. Wind and hail policy
4. Auto policy for golf carts

Dr. Osborne explained that a dwelling policy is not a comprehensive policy. And a dwelling policy does not cover wind-driven rain. Named perils coverage on a dwelling policy is not comprehensive. Though it may be less expensive, you should ask your agent the best form for the risk. Dr. Osborne said, “I would rather see you have a higher deductible than have a dwelling policy.”

She recommends getting an HO-3 or HE-7 policy, and you should add a replacement cost so that you don’t receive a depreciated amount of your home’s value if it is destroyed. An HO-3 policy covers mold up to \$5,000.

Dr. Osborne added that golf carts should be covered on an auto policy, not homeowners policy, and homeowners should carry both comprehensive and collision. Golf carts on a homeowners policy are not covered for liability or for flood. Panelist Bob Keiger added that homeowners should review their deductible for golf carts and verify the location that the rate is based.

A widely discussed topic following Hurricane Florence was refrigerators — the food loss and cleaning up the smelly mess. Dr. Osborne explained that a refrigeration coverage endorsement is under an HO-3 and has a maximum coverage of \$500. She continued, “Don’t just turn in a claim. The insurance companies look at how many claims you have.”

Dr. Osborne’s presentation discussed the definition of a flood and what does not constitute a flood, which is covered by the federal government. She clarified that water damage from a windstorm is covered by a wind and hail policy, not a flood policy. Of the 10.2 million people in North Carolina, there are 134,000 flood insurance policies. Jerry Frye added that for the 15,047 flood claims filed following Hurricane Florence, \$593 million has been paid to this point. He said, “If you live in an area that has rain, you should have flood insurance.”

There are separate adjusters for wind and flood, which rely on inspection of the property and expert opinions. Flood disputes are handled in federal court, and wind and hail disputes are handled in state court.

There was a lengthy discussion regarding Bald Head Island’s additional charges for materials and labor costs (to cover barge, ICE vehicle permits, ferry and parking costs) that are not represented in the general 28461 zip code for Brunswick County. When one homeowner posed this question to the panel, stating that adjusters are not taking this into consideration with estimates, Bob said, “You have articulated the crux of the problem.” Dr. Osborne promised to research this need and return with some answers.

For NCJUA/NCIUA (North Carolina Joint Underwriting Association/North Carolina Insurance Underwriting Association) claims handling, North Carolina allows three years to file a claim. There were many more important points made about insurance coverage, such as for an evacuation, which doesn’t necessarily mean that the insurance company has to pay for loss of use.

NCDOI is working on statewide flood initiatives such as educating realtors and brokers, educating consumers and allowing private companies in North Carolina to sell flood insurance. More information will be forthcoming.

At the end of the event, one homeowner said, “I took lots of notes, and I’m talking with my insurance agent on Monday.” Do you have additional questions about insurance? NCDOI contact phone numbers are listed on their presentation, which you can view on the BHA website (BaldHeadAssociation.com).

Dr. Osborne shared her direct phone number during the event, which is 919-807-6006. For FEMA questions, contact Jerry Frye at 202-431-8193 or Jerry.Frye@fema.dhs.gov.

We encourage property owners to share their feedback regarding this event and future information session topics on the evaluation form link on the website. Help us help you better by sending your completed evaluation to Pam@BaldHeadAssociation.com.