

Natural Disasters

Your Guide to
Insurance and Finance
Preparation and Recovery

Are You Prepared?



FLORIDA
DEPARTMENT OF
FINANCIAL SERVICES

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Part I – Introduction

Are You Prepared?

When it comes to natural disasters, Florida residents know firsthand that it pays to plan ahead. Dealing with wildfires, floods, tornadoes, hurricanes, winter storms and other disasters can cost us millions of dollars each year.



While we all need to carefully prepare for hurricane season, which spans the months of June through November, it pays to make sure your homeowners insurance contains adequate coverage year-round. You also should take precautions to protect your financial interests.

Florida's natural beauty gives us much to appreciate, yet we pay a certain price in our vulnerability to so many different types of natural disasters. No one knows when, where or how often such disasters will strike, but planning ahead can help save lives, protect property and save money.

This brochure provides helpful questions to ask when reviewing your insurance coverage, and offers tips to help secure your financial safety while recovering from the impact of a natural disaster.

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Do you need flood coverage?


Standard homeowners policies do *not* cover **flood damage**, “a temporary condition during which water partially or completely covers the surface of normally dry land.” Some examples of flooding include: the overflow of coastal or inland waters, and the sudden and unusual accumulation of runoff or surface water.

You should carefully check special maps, kept by your county, that show flood plains. If you live in a flood-prone area, contact your agent about obtaining flood insurance. Depending on your home’s location, you may qualify for the National Flood Insurance Program.

Warning: This process involves a 30-day waiting period between the time you purchase the insurance and the time it takes effect!

Do you need windstorm coverage?

Some homeowners policies do not cover damage caused by windstorms, such as hurricanes. If you cannot find a policy that covers windstorm damage, your coverage will likely come from the Citizens Property Insurance Corporation. This is a state-run pool of last resort for homeowners who cannot get windstorm coverage from a private insurance company. For more information, ask your insurance agent, visit the Citizens Web site at www.citizensfla.com, or call Citizens toll-free at 1-888-685-1555.



Warning: Insurance companies do not accept new applications, or requests to increase coverage, once a hurricane reaches a certain distance from Florida.

Do you need more coverage?

Your home and possessions may have increased in value over the past several years. You may have made improvements or purchased expensive items such as a computer, stereo system or a major appliance. Review your insurance policy and check your coverage limits. Consider increasing your coverage if your policy doesn't cover the *current* value of your home and its contents.

What does your policy cover and exclude?

Standard homeowners policies usually limit coverage on valuables such as jewelry, silverware, guns, antiques, boats and other items. Check your policy and contact your insurance agent or company with questions, or to request additional coverage.

If you live in a condominium, find out what coverage your condominium association provides. You may need your own policy for the interior of your individual unit.

You should also check the deductible amounts contained in your policy. All policies include deductibles for **perils**, or causes of possible loss, such as fire, hurricane, hail, etc.

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In Florida, most homeowners policies include a larger deductible for hurricane damage and a smaller deductible for other damage.

The **Hurricane Insurance Affordability and Availability Act** offers a broad range of deductibles that homeowners may choose from. Find out your hurricane deductible and how it applies to your policy. For more information, review your policy and other materials sent by your company. If you have questions regarding the hurricane deductible, call the Florida Department of Financial Services Consumer Helpline toll-free at 1-800-342-2762.

Will your policy pay “replacement cost” or “actual cash value” for a covered loss?

Let’s say you purchased a television set for \$700 in 1993. If that television gets destroyed by lightning and your insurance covers the **actual cash value**, you will *not* receive \$700 from your insurance company. Instead, you will receive a lower amount that reflects the current value of the television – about \$300.

If your insurance covers the **replacement cost** and the same television model now costs \$900, you would receive \$900 from your insurance company. You simply need to replace the television and submit the receipt to the insurance company.



Most insurance on the contents of your home (i.e., personal belongings) is written on an actual cash value basis. You should keep receipts when you buy high-value items such as televisions, computers, stereos, etc. You may need this information to verify the age and value of your possessions.

Inflation, renovations and rising property values increase the replacement cost of your home and its contents, while the actual cash value may decrease over time.

What about “additional living expenses”?

The **additional living expense** feature of most homeowners policies pays some expenses for covered losses that leave homes so damaged that residents can't live there during repairs. Such expenses could include limited motel, restaurant and warehouse-storage costs. You should keep all receipts during this period. This feature does *not* apply to flood insurance.

Civil authorities (i.e., law enforcement agencies, Emergency Management Services, etc.) sometimes issue **mandatory evacuation orders** that affect thousands of residents. You may wonder: Does this coverage apply when a homeowner must evacuate but no damage occurs to the insured property? Or, does any deductible or coverage limit apply?

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Most policies will provide this coverage when a civil authority prohibits the use of a residence due to direct damage to neighboring homes by a covered threat. Policies generally offer this coverage without any deductible and for losses of up to two weeks. You should check your policy for more information, and contact your insurance agent or company, if necessary. If you have additional questions, call the Consumer Helpline toll-free at 1-800-342-2762.


What else can you do to prepare?

Make an itemized inventory of your belongings, including costs, purchase dates and serial numbers. Attach receipts to the inventory sheet. Your insurance company may require proof of the cost of any item for which you make a claim. Dated photographs or videotapes of your possessions are also a good idea; making an inventory after a natural disaster would be difficult.

What about policy changes?

If you want to make policy changes, contact your agent; he or she can provide information about rates and coverage. It is especially important to do this before hurricane season.

Have you written down the name of your insurance company, policy number and telephone number to report your claim?



Learn the name of your insurance company. The name of your company may differ from that of your agent, agency or underwriter. Check your policy or call your agent for this information.

Do you have enough cash?

Remember to withdraw some money before a pending disaster. Carrying or keeping large amounts of cash in your home, however, might put you at risk of being robbed. You could lose interest payments if you withdraw too much out of an interest-bearing account. So withdraw only as much as you think you'll need during and after storm conditions. Normally, financial institutions close for at least two days after a direct hit. ATMs could be out of commission even longer.

During all cash withdrawals, be aware of any suspicious persons in your surroundings. Be sure to get receipts for cash purchases right before a storm.

Do you have enough credit?

Keep and protect a credit card with at least \$1,000 available.

How do you pay bills?

If you pay bills by phone or online, pay them before a hurricane hits, even if they are not yet due. A hurricane could interrupt phone service, causing you to

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miss payments and incur late charges. If you pay by mail, send payments at least two days before a hurricane strikes, because the post office will not pick up mail within 24 hours of a hurricane strike. Keep copies of all payments mailed within three days of a hurricane making landfall.

How can you safeguard your records?

Keep your important insurance and financial papers in a secure and accessible place like a safe deposit box or with a relative or friend. Include your insurance policy, inventory records, agent or company telephone numbers for reporting claims, mortgage and other loan contracts and payment records. You might need quick access to this information. Upon receiving an evacuation notice, you should take records stored at home with you.

How can you get more information?

The Florida Department of Financial Services publishes *Insuring Your Home – A Guide for Consumers* annually. This publication provides more information on insurance coverage for homeowners, renters and owners of mobile homes or condominium units. The Homeowners Inventory Checklist can assist you in documenting your current possessions. For your free copy and more insurance and finance information, call the Consumer Helpline toll-free at 1-800-342-2762. You

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may also download the guide and other publications from the Department's Web site at www.fldfs.com.

Immediately report property damage to your insurance agent and company.

After you contact the agent and/or company, you should receive the necessary claims forms. Your company will issue a special reference number for your claim — make sure you write it down. You will need to keep this number handy in all your dealings with the company. Your agent or company may arrange for a licensed insurance adjuster to visit your property and assess the damage.

Recognize that different types of adjusters handle claims.

After a disaster such as a hurricane, it takes hundreds of adjusters to help settle the many claims that are filed.

An **adjuster** is a person professionally trained to determine the amount of any claim, loss or damage payable under an insurance contract. An adjuster often participates in claim, loss or damage settlements. An adjuster must hold a proper license from the Department of Financial Services to perform work in Florida.

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The three kinds of adjusters are:

Company adjusters, who work as insurance company employees;

Independent adjusters, who usually work as employees of independent adjusting firms that contract with insurance companies to handle claims; and

Public adjusters, who do *not* work for insurance companies or independent adjusting firms. Most public adjusters are self-employed, or work in association with a public adjusting firm. Public adjusters contract with the policyholders to help them settle their claims with insurance companies, and are paid by receiving a negotiated percentage of the claims settlement. This means that if you contract with a public adjuster, you must share a negotiated portion of your settlement with that public adjuster. Because public adjusting fees are not set by the state, you have the right to negotiate an agreed-upon fee should you elect to use a public adjuster.

All adjusters are required to adjust your claims in accordance with your insurance contract, and in compliance with the Florida Insurance Code. All adjusters must also comply with the “Adjusters’ Code of Ethics” contained in the Department’s rules.

No matter which type of adjuster you use, be sure he or she is properly licensed. If you have any questions about the license status of an adjuster or the way he or she handled your claim, call the Consumer Helpline toll-free at 1-800-342-2762.



Flood or Damage Assistance

Hurricanes and other strong storms can cause serious property damage. Flood damage includes rising water, storm surge and the collapse of land along the shore of a lake, or other body of water, due to erosion. If you have suffered damage to your property resulting from flooding or rising water, contact your insurance agent to find out if you have flood insurance. If you do have flood insurance and need to file a claim, you must:

1. Notify your insurance agent. If your home has been destroyed or massively damaged, tell the agent you need priority help.
2. Make temporary repairs. Document all repairs with “before” and “after” photographs and keep receipts of all repair expenses for reimbursement purposes.
3. Maintain copies of your household inventory, cancelled checks, invoices and other documentation. This will help the adjuster assess the value of the destroyed property.
4. Be careful not to dispose of any destroyed property during the initial cleanup.

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Flood insurance will *not* cover:

- Your personal automobile – To repair or replace your vehicle following flood damage, you need to file a claim against the **comprehensive** portion of your auto insurance, if you have this coverage in your policy.
- Accounts, bills, deeds, evidence of debt, money, coins and postage.

Note: If you do not have flood insurance, you may contact the **Federal Emergency Management Agency** (FEMA) to find out what assistance is available. If your county is declared a Major Disaster Area, FEMA can help cover some of the necessary costs to make your home safe and livable.

FEMA may provide assistance through the following options:

- **Low-interest loans** – Most, but not all, assistance is in the form of low-interest loans to help cover expenses not covered by state or local programs, or private insurance.
- **Cash grants** – If you do not qualify for any loans, you may be able to apply for a cash grant. Cash grants are available for up to \$25,000.
- **Housing assistance** – FEMA's Disaster Housing Program makes funds and services available to individuals whose homes are uninhabitable due to a disaster. Individuals, families and



businesses may be eligible for federal assistance if they live in, own a business or work in a county declared a Major Disaster Area.

To apply for FEMA assistance, call:
1-800-621-3362
(TDD: 1-800-462-7585)

After a disaster, you should:

- Contact those you've sent payments to and confirm that they received them.
- Use a credit card to finance emergency repairs and document all transactions. Your policy probably requires that you make emergency repairs to prevent further damage to your home or its contents. For example, you may need to use plywood, tarp and duct tape to keep rain from entering a hole caused by a tree limb hitting your home.
- Keep all receipts and take photographs of the damage, before and after repair, to submit with your claim.
- Take precautions if the damage requires you to leave your home.
- When evacuating, secure your property and remove any valuables. Lock all windows and doors. Let your agent or company know your temporary forwarding address and phone number (i.e., place where you will stay). Take these same precautions if you receive notice to evacuate before a storm, wildfire, etc.

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- If the damage does not allow you to occupy your home, keep all receipts for temporary living facilities and notify your agent, company or adjuster.

If you have other insurance-related problems or questions, you may call the Consumer Helpline toll-free at 1-800-342-2762.

Beware of fly-by-night repair businesses.

Hire licensed and reputable service people, preferably from your community. Beware of anyone offering to help after a storm who wants cash only. Before you use a “fast-cash” lender, be certain you understand exactly what the fees for the service will cost. Call the Florida Department of Business and Professional Regulation at (850) 487-1395, or browse its Web site at www.state.fl.us/dbpr to find out if a contractor is licensed, or to file a complaint.

Beware of fraud.

Insurance fraud costs each Florida family an additional \$1,500 a year* in increased premiums. If you suspect insurance fraud, call the Fraud Hotline toll-free at 1-800-378-0445. Financial fraud costs Floridians more than \$40 billion annually. If you suspect financial fraud, call the Consumer Helpline toll-free at 1-800-342-2762.

Consumer Assistance

If you have an insurance or finance question or problem, call the Consumer Helpline toll-free at 1-800-342-2762 or our TDD line at 1-800-640-0886. The Agency will also send a specially trained group called “First Responders” to stricken or impacted parts of Florida after a hurricane or major natural disaster. These volunteers can answer questions and provide additional insurance and contact information when assigned to your area.

*Source: The Coalition Against Insurance Fraud

Write down important claims information.

After you file a claim, you may need to take follow-up action or check on its progress.

You should complete the form below and keep it as a handy reference throughout this process.

Insurance agent's name & address: _____

Renewal date: _____

Insurance policy number: _____

Telephone number to report claims:() _____

Insurance claim number: _____

Claim reporting date: _____

Other relevant information: _____

Once an adjuster visits your home, you should use the space below to write down additional information.

Adjuster's name: _____

Business address: _____

Telephone number:() _____

Other: _____

Part IV –Contact Information

How to Obtain Additional Help

You may also contact the Consumer Service Office nearest you.

DAYTONA BEACH

955 Orange Ave., Suite E
Daytona Beach, FL 32114-4674
(386) 323-0900

FORT LAUDERDALE

499 N.W. 70th Ave.
Suite 301-B
Plantation, FL 33317-7574
(954) 321-2900

FORT MYERS

2295 Victoria Ave.
Suite 163
Fort Myers, FL 33901-3867
(239) 461-4000

JACKSONVILLE

921 N. Davis
Bldg. B, Suite 260
Jacksonville, FL 32209
(904) 798-5800

MIAMI

401 N.W. Second Ave.
Suite N-307
Miami, FL 33128-1700
(305) 536-0300

ORLANDO

400 W. Robinson St.
Suite N-401
Orlando, FL 32801-1751
(407) 835-4400



PENSACOLA

610 E. Burgess Road
Pensacola, FL 32504-5736
(850) 453-7800

ST. PETERSBURG-LARGO

11351 Ulmerton Road
Suite 240
Largo, FL 33778-1636
(727) 587-7260

TALLAHASSEE

Larson Building
200 E. Gaines St.
Tallahassee, FL 32399-0323
(850) 413-3132
1-800-342-2762 (Florida only)

TAMPA

5309 E. Fowler Ave.
Tampa, FL 33617-2221
(813) 899-6160

WEST PALM BEACH

400 N. Congress Ave.
Suite 210
West Palm Beach, FL 33401-2933
(561) 640-6700

Important Web Pages and Telephone Numbers

American Red Cross

(202) 303-4498
www.redcross.org

Federal Emergency Management Agency (FEMA)

Disaster Impact Helpline
1-800-621-3362
www.fema.gov

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Florida Department of Financial Services

1-800-342-2762

www.dfs.state.fl.us

Florida Department of Community Affairs, Division of Emergency Management

1-800-320-0519

www.floridadisaster.org

Florida Department of Elder Affairs

1-800-96-ELDER

www.fcn.state.fl.us/doea

Florida Department of Business and Professional Regulation

(850) 487-1395

www.state.fl.us/dbpr

National Flood Insurance Program

1-800-427-4661

1-800-621-FEMA (disaster assistance)

www.fema.gov/nfip

National Hurricane Center

(305) 229-4470

www.nhc.noaa.gov

National Weather Service

Contact your local NWS office.

www.nws.noaa.gov

Small Business Administration

1-800-827-5722

www.sba.gov

