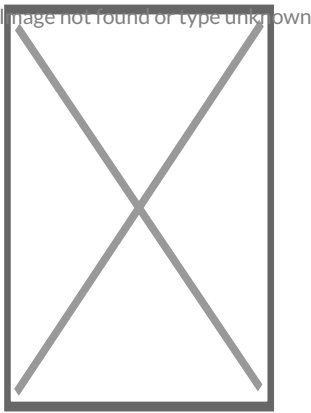


Make Sure Your Insurance Covers Hurricane Needs



After years of avoiding hurricanes, Savannah was pummeled by Hurricane Matthew last year and swamped by Hurricane Irma this year. The hurricanes have taught us that we cannot just buy the cheapest insurance policy and hope for the best. If you want to be protected, you have to ask the right questions.

Here are six questions to ask.

1. Do I have flood insurance? Regular property insurance does not cover flooding from overflowing river banks, storm surges, or other rising waters. You need a separate flood insurance policy.

The federal government through FEMA operates the flood insurance program and periodically updates its flood maps to determine the areas most likely to experience flooding. Areas prone to flooding are designated by letters (such as AE, AH or AO), and are called Special Flood Hazard Areas. If you are not in a Special Flood Hazard Area, your lender will not require flood insurance, and many people do not buy it.

Unfortunately, more than half of the properties that have ever flooded in Chatham County have not been in Special Flood Hazard Areas where flood insurance was required. Therefore, you probably need flood insurance if you do not have it.

2. Do I need a new elevation certificate? The height of the lowest floor (including basements) of your new or substantially renovated building affects your flood insurance premium. A surveyor typically measures this elevation and completes a federal form called an elevation certificate, which is provided to your insurance agent.

The elevation certificate form was last updated in 2015, but FEMA still accepts older elevation certificate forms that do not contain all of the information provided by the new form. If you have owned your property for a while, you may still be relying on an old elevation certificate form, but an older form may not be your best alternative. The new elevation certificates are designed to reveal conditions that might exacerbate flood damage, but also have the effect of disclosing conditions that might allow the insurance company to reduce or adjust the flood claim payments. Ask your agent to help you evaluate the benefits of a new elevation certificate.

3. Have improvements been made to my building that might negate flood insurance coverage? You might really enjoy the playroom that you built in your garage, but you should be aware that improvements constructed below certain elevations are not covered by flood insurance and could affect insurance coverage on the rest of your property. These types of improvements are especially common in older properties.

The new elevation certificates are designed to identify these areas, but an existing elevation certificate might not. Ask a surveyor whether your property includes improvements below the required finish floor elevation. If so, discuss the effect these improvements might have on your flood insurance with your insurance agent.

4. Does my policy have a named hurricane deductible? You might know that your insurance deductible is \$1,000, but do you know whether your policy has a named hurricane deductible?

Some policies contain an increased deductible, usually 2 percent to 5 percent of your coverage amount, if the damage is caused by a named storm, such as Matthew or Irma. Therefore, if your damaged property is worth \$300,000, you would have to pay the first \$15,000 of damage, even if your policy has a \$1,000 deductible. Ask your agent if you have such a deductible and whether you have any options to protect yourself.

5. Is my dock covered by my insurance? Flood insurance typically does not cover the storm surge that floats your expensive dock down the river. Your regular property insurance might cover wind damage to your dock, but it does not pay for damage caused by rising water. Therefore, you need to ask about additions to your policy that can protect your dock when the next hurricane comes.

6. Do I need business interruption insurance? A hurricane that hits Savannah directly could force businesses to close or relocate for many months. Many small businesses would not be able to survive. If you are unable to operate your business or are forced to relocate while repairs are made, flood insurance will not cover those costs. Ask your agent about a separate business interruption insurance policy that also covers losses due to damages incurred by key suppliers or customers.

New flood insurance policies unrelated to a loan closing have a 30 day waiting period, and most insurance companies stop issuing policies if a hurricane is approaching. Do not wait until a storm threatens to gather the information you need to make informed insurance decisions.

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