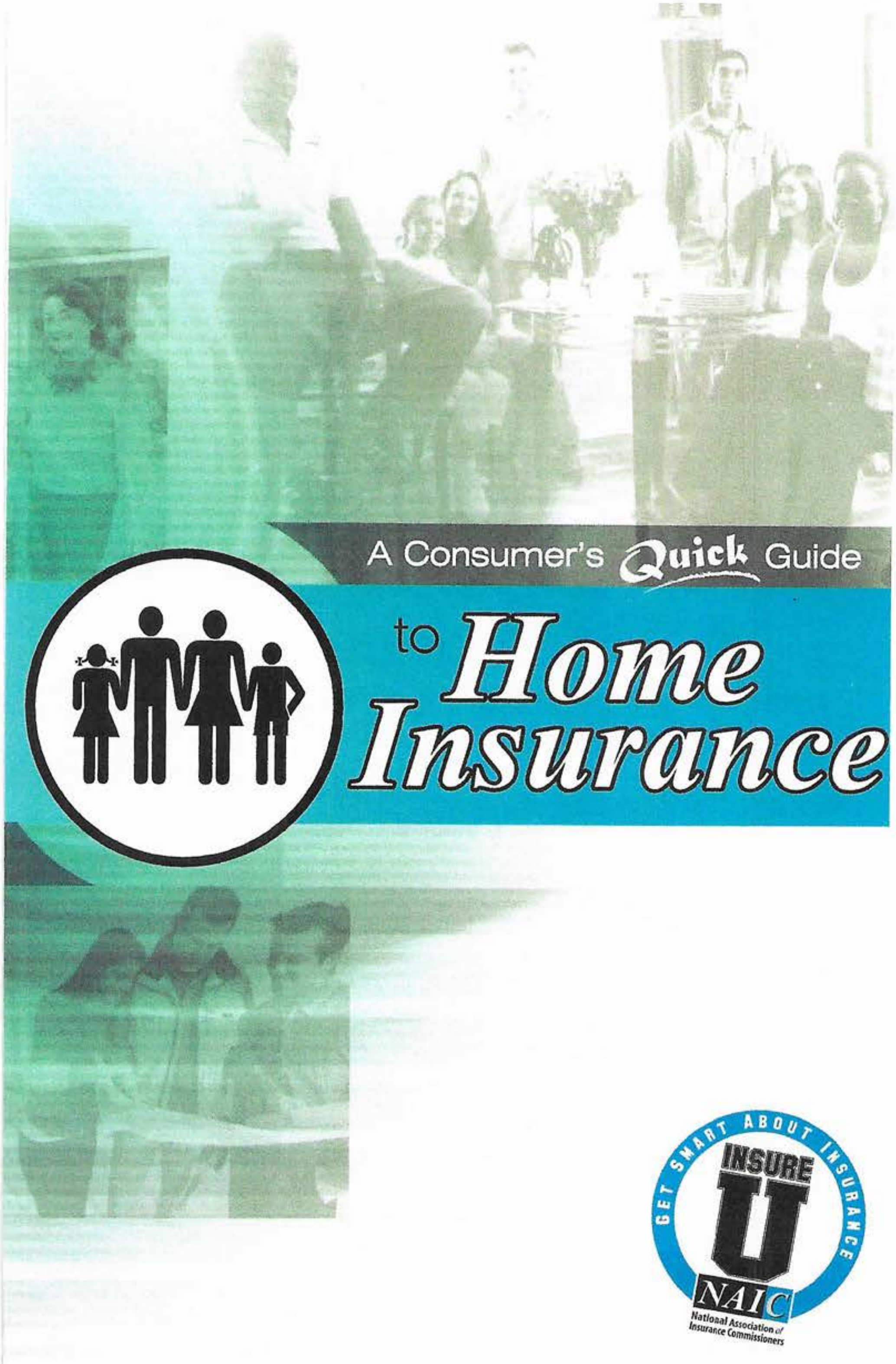

A Consumer's Quick Guide

to Home Insurance

GET SMART ABOUT INSURANCE

INSURE U

NAIC

National Association of Insurance Commissioners

This guide provides information on how to make decisions when you buy homeowners insurance. You have a choice in coverages and prices will differ between insurance companies.

If you rent, live in a condo, or live in a manufactured (or mobile) home that isn't on a permanent foundation, your insurance choices may be different than those described here.

Why you need insurance

Homeowners insurance is an important purchase for many people. There are two major reasons to buy homeowners insurance.

1. **To protect your assets**
   Homeowners insurance covers both your property and your personal legal responsibility (or liability) for injuries to others or their property while they're on your property.

2. **To satisfy your mortgage lender**
   Most mortgage lenders require you to have insurance as long as you have a mortgage and to list them as the mortgagee on the policy. If you let your insurance lapse, your mortgage lender will likely have your home insured. The premium may be much higher (and the coverage much less) than a policy you would buy on your own. The lender can require you to pay this higher premium until you get your own homeowners insurance again.

What the policy covers

A homeowners policy *usually* covers:

- Your house and other buildings on your property
- Your personal property in your home or on your property
- Your personal liability
- Medical payments for others accidentally hurt on your property
- Additional living expenses if you must rent a place to live while your home is being repaired

If your home is insured on a replacement cost basis, then claims are paid based on the cost to replace your loss, not its market value. The replacement cost is usually greater than the market value. If your policy is based on replacement cost, you must replace your property to be reimbursed; there are limits on the amount you can be reimbursed for your home.

What the policy doesn't cover

A homeowners policy *usually* doesn't cover:

- Flood
- Earthquake, landslide, or mudslide
- Sewer backup
- Identity theft

Your homeowners policy *may not* cover claims related to:

- Dog bites
- Swimming pools or trampolines
- Operating a business from your home

Be sure to ask your agent what your policy doesn't cover (the exclusions). You may be able to buy a separate policy to cover some or all of the events your homeowners policy doesn't cover. For example, you can buy flood insurance backed by the National Flood Insurance Program and often a separate policy to cover earthquake damage.

A homeowners policy *usually limits* coverage for these items:

- Mold
- Jewelry, guns, electronics, collectibles, and antiques
- The costs of meeting updated electrical, fire, plumbing, and building codes

You may be able to pay extra to add coverage to your policy.

Questions you should ask the agent

- Are the agent and the insurance company licensed by my state insurance department? For how long? (Your state insurance department can confirm the answers to these questions.)
- How can I find out the claims history of the home before I buy it?
- If I submit a claim, how will it affect my premium when I renew the policy?
- What discounts are available?
- What does the policy cover? What doesn't it cover? What are the limits to the coverages?
- How much coverage for my personal property do I need?
- Should I buy flood insurance or earthquake coverage?
- How will my credit history affect my premium?

How the premium is determined

Many factors determine the premium you will pay. Different insurance companies charge different premiums for similar coverage. Shop around; getting three or more comparison quotes is worthwhile. Check your state insurance department's website; it may have an online premium comparison guide to help you compare premiums.

Be prepared to give your agent information about the following items that are commonly used to determine your premium:

- The cost to rebuild your home. This is *not* the same as the purchase price (which includes the cost of the land). The agent may help you estimate the replacement cost using information about your home and its contents.
- Whether your home is made of brick or wood
- The distance from your home to a fire hydrant or fire department
- The age of your home
- Whether you also insure your auto with the same insurance company
- Your credit history – the agent may ask you for your Social Security Number
- Whether you currently have homeowners insurance
- Your previous homeowners insurance claims history such as fire, theft, or liability

- The claims history of the home such as water damage or roof damage
- The types of pets you have
- Whether you have a swimming pool or trampoline
- Whether you have protection devices such as smoke detectors, a burglar alarm, or a sprinkler system
- Whether you have a wood furnace or wood stove
- Whether you operate a business from your home

Decisions you make about how much insurance coverage to buy will affect your premium. These decisions include what limits and deductibles you choose.

Action items for homeowners

- Pay the premium on time. Most insurers don't offer a grace period for paying the premium – the due date is the due date.

- Make an inventory.
  - Go through each room; write down and take pictures or videos of everything in the room.
  - Inventory everything, including valuable items such as antiques, electronics, jewelry, collectibles, and guns.
  - Store your inventory in a secure place at another location such as your workplace, a safe deposit box, a relative's house, or online.
  - Annually review and update your inventory, including your pictures/videos. Also update your inventory when you buy new items.
  - Keep receipts with your inventory for all repairs and new items you buy for proof if you file a claim.

- Maintain your home.
  - A homeowners policy isn't a maintenance contract; it insures against things such as fire, wind, and hail. It doesn't pay to repair items that simply wear out, like rotted porch railings. You're responsible for the upkeep of your home such as repairing your roof when it begins to leak or cleaning your chimney flue so it doesn't catch fire.

Making a claim

- Call the insurance company and speak to the claims person (adjuster). The adjuster will probably want to meet with you at your house to inspect the damage. Jot down notes and keep track of the dates of any conversations you have with your agent or adjuster.
- You are required to protect your home from further damage. For example, you may need to board up your home or use tarps if there was damage to the building, or clean up water from a backed-up drain.
- Don't feel rushed or pushed to agree with something you aren't comfortable with. It might help to have your contractor meet with you and the insurance adjuster.
- You must document your loss; receipts and pictures will help.
- If you and the insurer disagree about the value of the claim, check your policy for an appraisal clause.
- If you have trouble with or questions about claims, contact your state insurance department for help.

For more information

- Visit your state department of insurance website
- The National Association of Insurance Commissioners (NAIC) website for Consumers www.naic.org/consumer_home.htm
- The National Flood Insurance Program website www.floodsmart.gov
- To access your free annual credit report go to www.annualcreditreport.com or call 877-322-8228

National Association of Insurance Commissioners

Headquartered in Kansas City, Mo., the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise.

Formed in 1871, the NAIC is the oldest association of state officials. For more than 135 years, state-based insurance supervision has served the needs of consumers, industry and the business of insurance at-large by ensuring hands-on, frontline protection for consumers, while providing insurers the uniform platforms and coordinated systems they need to compete effectively in an ever-changing marketplace.

For more information, visit **www.naic.org**.

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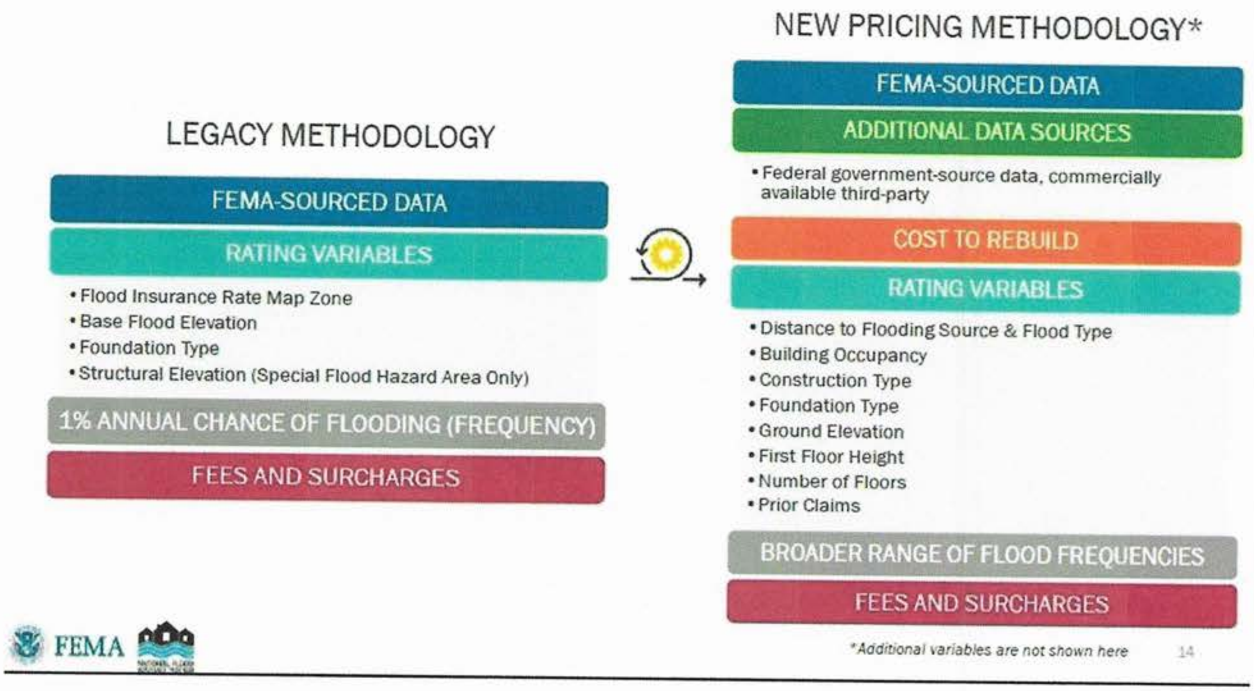
New NFIP Flood Risk Rating 2.0



- New pricing methodology uses GIS data (geospatial information data) based upon the property location entered by the agent, along with federal government source data and other commercially available data.
- NFIP can now determine the first floor height (without an elevation certificate), ground height, cost to rebuild and distance to water sources by the input of the property address.
- Agents still provide the occupancy, construction type (masonry versus frame); foundation type -slab, crawlspace, elevated (with or without an enclosure) and # of floors.
- Elevation certificates can be used to override the FEMA determined first floor height. Clients are given the lowest rate.

What is changing?

- Elevation certificates NOT required (*but still highly recommended*)
- Preferred risk policies (X zone) Pre-determined X zone flood rates are going away. Rates will be based upon new pricing methodology
- X zone *may* still determine whether or not a lender is requiring flood coverage.
- Grandfathering / Subsidized (pre-FIRM) currently receiving reduced or subsidized rates based upon no flood maps in place at time of construction or compliance with retired flood maps at time of construction.
- "Glide path" to full risk rates
- Statutory premium caps limit annual premium increases (18% cap in most cases)

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

ZONE	DESCRIPTION
B and X (shaded)	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.

High Risk Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

ZONE	DESCRIPTION
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30 Zones.
A1-30	These are known as numbered A Zones (e.g., A7 or A14). This is the base floodplain where the FIRM shows a BFE (old format).
AH	Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AO	River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.
AR	Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.
A99	Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.

High Risk - Coastal Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones.

ZONE	DESCRIPTION
V	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.
VE, V1 - 30	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Undetermined Risk Areas

ZONE	DESCRIPTION
D	Areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.

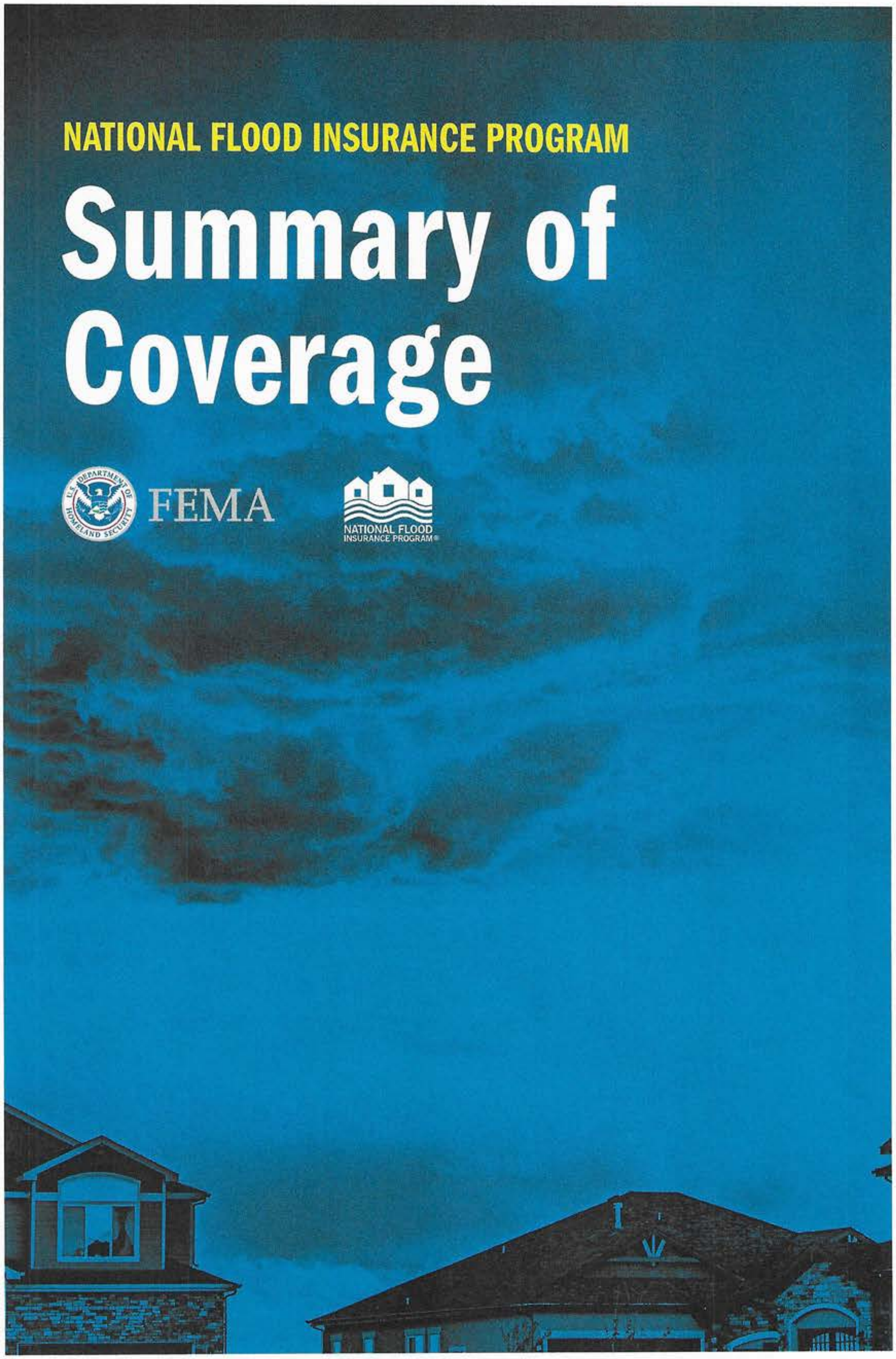
From FEMA Map Service Center:
http://msc.fema.gov/webapp/wcs/stores/servlet/info?storeId=10001&catalogId=10001&langId=-1&content=floodZones&title=FEMA%20Flood%20Zone%20Designations

NATIONAL FLOOD INSURANCE PROGRAM

Summary of Coverage

FEMA

NATIONAL FLOOD INSURANCE PROGRAM®



Congratulations!

Purchasing flood insurance is a great way to protect the life you've built. FEMA and its National Flood Insurance Program (NFIP) have prepared this document to help you understand your Standard Flood Insurance Policy (SFIP). Maintaining coverage is the most important step you can take to protect against the cost of flood damage.

This Summary of Coverage includes information about your policy's declaration page, items covered under your flood insurance policy, and details about the claims process. Please keep in mind, this document is a summary of your coverage and not your official contract of insurance. Any differences between the following information and your policy will be resolved in favor of your policy. If you have questions, call your insurance company or agent.

About your coverage.

Your SFIP is part of your official contract of insurance, it includes:

a. The SFIP form, found at **FloodSmart.gov/SFIP**,
b. The declaration page, and
c. Any endorsement(s) that may be issued.

Please refer to your SFIP for more information. You can find complete SFIP forms and a glossary of terms and acronyms at **FEMA.gov**.

What is included in my declaration page?

The insurance company that issued your flood insurance policy will provide you with a declaration page which is a part of your annual policy contract. The declaration page is usually the first page and is an outline of your flood insurance policy that provides the information you'll need at the time of a loss. Each year when you receive this packet, please make sure to confirm that your policy information is accurate and up to date. Contact your insurance company or agent if any changes are required.

Your declaration page provides some or all of the following information:

1. **Your policy number**

2. **Policy term**

3. **Billing details**
   a. Premium
   b. Who pays the premium
   c. A description of fees and surcharges
   d. Any discounts for which you qualify

4. **Insurance company and agent contact information**
   a. Address
   b. Phone number

5. **Insured property information**
   a. Name of participating community (town, city, etc.) and designated community number
   b. Building occupancy type and description
   c. Property address
   d. Whether it is the policyholder's primary residence
   e. Flood zone
   f. Grandfathering information

6. **Policyholder information**
   a. Name of policyholder
   b. Mailing address
   c. Loss payees—those eligible for payment under the policy
   d. Lender

7. **Coverage information**
   a. Policy effective and expiration date
   b. Amount of coverage purchased
      i. May include totals for building and contents depending on coverage purchased
      ii. Deductible amounts for buildings and contents

How does the NFIP define a flood?

Your NFIP flood insurance policy covers direct physical losses, damage, or loss caused by a flood. The NFIP defines a flood as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land or two or more properties (at least one of which belongs to you). For example, water damage to your home from a river that overflowed into nearby streets and into your yard would be a direct result of flooding. Please keep in mind, any damage would need to be adjusted by your flood insurance carrier before a coverage determination could be made.

Examples of flooding:

Overflow: Storm surge can cause an overflow of inland or tidal waters.

Runoff: Heavy rainfall in a short period of time can overwhelm the drainage or absorption capabilities of an area.

Mudflow: Heavy or sustained rainfall can accumulate and form a river of liquid and flowing mud down a hillside.

Erosion: The overflow of a body of water can cause shorelines to wear away or collapse suddenly.

What does my flood insurance cover?

The following table provides a general overview of items covered by your flood insurance policy; it is not a comprehensive list. Review your policy for complete coverage and exclusion information. Note, there is limited coverage available for areas below the lowest elevated floor of a post-FIRM (Flood Insurance Rate Map) building or in a basement. A basement is defined as any area of a building, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.

Building Coverage		If Contents Coverage Has Been Purchased Contents coverage can be purchased separately from building coverage. If you have a Preferred Risk Policy (PRP), both the building and its contents are included in the coverage.	
What's covered.	**What's covered in areas below the lowest elevated floor.**	**What's covered.**	**What's covered in areas below the lowest elevated floor.**
· The insured building and its foundation · The electrical and plumbing systems · Central air-conditioning equipment, furnaces, and water heaters · Refrigerators, cooking stoves, and built-in appliances such as dishwashers · Permanently installed carpeting over an unfinished floor · Permanently installed paneling, wallboard, bookcases, and cabinets · Window blinds · Debris removal · Flood damage clean up	· Foundation walls, anchorage systems, and staircases attached to the building · Central air conditioners · Cisterns and the water in them · Electrical outlets, switches, and circuit-breaker boxes · Fuel tanks and the fuel in them, solar energy equipment, and well water tanks and pumps · Furnaces, water heaters, heat pumps, and sump pumps	· Personal belongings such as clothing, furniture, and electronic equipment · Curtains · Portable and window air conditioners · Portable microwave ovens and portable dishwashers · Carpeting not included in building coverage · Clothes washers and dryers · Food freezers and the food in them · Certain valuable items such as artwork, furs, and jewelry (up to $2,500)	· Clothes washers and dryers · Food freezers and the food in them (excluding refrigerator freezer compartments) · Installed portable and window air conditioners

What is the area below the lowest elevated floor of a post-FIRM building?

These areas include crawlspaces under an elevated building, enclosed areas beneath buildings, and buildings elevated on full-story foundation walls (sometimes referred to as "walkout basements"). A post-FIRM building is a building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial FIRM, whichever is later.

What is not covered by my flood insurance?

Your policy lists specific coverage exclusions and limitations. Please refer to your policy for the complete list.

Examples of uncovered or excluded losses:

- Damage caused by moisture, mildew, or mold that could have been avoided by the property owner,
- Additional living expenses such as temporary housing,
- Most self-propelled vehicles such as cars, including their parts,
- Property and belongings outside of a building such as trees, plants, shrubs, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools,
- Financial losses caused by business interruption or loss of use of insured property,
- Any damage caused by water flow beneath the earth's surface (review the exclusions section in your flood insurance policy for specific information on damage caused by seepage or drain or sewer backup),
- The cost of complying with any ordinance of law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris.

Coverage tip: If your home is located in an area with a high risk of flooding, there may be limited coverage available for items like couches, computers, and televisions located in a basement. Refer to your flood insurance policy for a detailed list of items covered in that area, and speak to your insurance company or agent for more information.

After a flood.

Anywhere it can rain, it can flood. After experiencing a flood, you should report your loss immediately to your insurance company or agent.

Preparing to start a claim.

Report your loss immediately to your insurance company or agent or to the carrier's claims office and ask them about an advance payment. Then, prepare for your flood insurance adjuster visit.

1. Compile invoices from appliance repairs with appliance serial numbers included.
2. Obtain and provide receipts to verify repairs that were made following any prior flood loss.
   a. Separate damaged and undamaged property.
   b. Make a list of all damaged belongings if you have contents coverage.
   c. Take pictures or videos of damaged property before removing from the location.

Understand replacement cost value (RCV) and actual cash value (ACV).

If you make a claim and don't have 80% of the replacement cost of your home covered, you will not get the full replacement. It is important to keep this in mind and talk to your insurance agent about RCV and ACV.

Mitigate future losses.

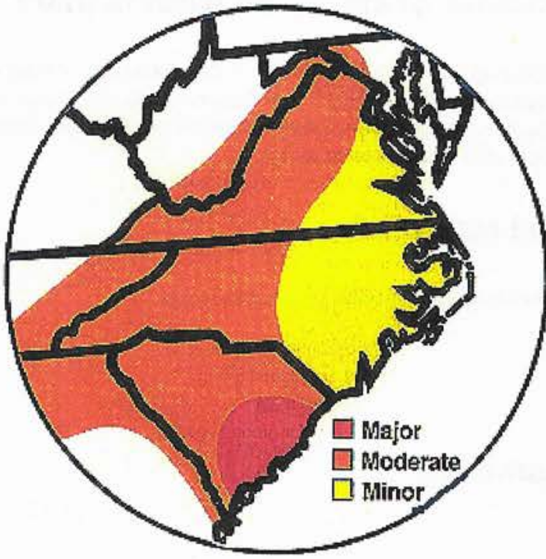
Most NFIP policies include Increased Cost of Compliance (ICC) coverage, which applies when flood damage is severe. If your community declares your home "substantially damaged" or a "repetitive loss property," you will be required to bring your home up to current community standards. If your damaged building qualifies for ICC coverage, you could receive up to $30,000 to cover the cost to elevate, demolish, or relocate your home. Please refer to Coverage D of your policy and discuss with your insurance agent for further details.

For more information on how to file a claim or to review the Claims Handbook, visit **FloodSmart.gov.**

August 2020

Earthquake Awareness

Go



Earthquake Awareness

An average of 10 earthquakes occur in South Carolina each year (recorded by the South Carolina Seismic Network (SCNET) from 1974 to 1993) . The highest Richter magnitude (size) of these earthquakes was 4.1 (August 21, 1992). Thirty-nine of the 50 states are vulnerable to earthquakes.

Earthquakes? In the southeastern United States? Earthquakes don't happen here!

Earthquakes can and do happen in the Carolinas. In the evening of August 31, 1886, the city of Charleston South Carolina experienced the most damaging earthquake ever recorded east of the Mississippi River in the United States. The quake was felt as far north as New York, as far south as Cuba, as far west as Mississippi, and as far east as Bermuda. The quake and its aftershocks killed approximately 110 people and damaged 90 percent of the brick homes in Charleston. In all of the large towns within 200 miles of Charleston (including Columbia, Augusta, Raleigh, Atlanta and Savannah) houses and other structures were damaged.

North Carolina is affected by not only the Charleston fault in South Carolina but also by the New Madrid fault in Missouri. The largest earthquake in North Carolina was February 21, 1916. The epicenter was near Waynesville. Tops of chimneys were thrown to the ground; windowpanes were broken in many houses; and people rushed into the streets at Waynesville. At Sevierville, Tennessee about 70 kilometers northwest of Waynesville, bricks were shaken from chimneys. Minor damage was reported in western Tennessee at Athens, Knoxville, Maryville, Morristown, and Newport, Tennessee; at Tryon, North Carolina; and at Bristol, Virginia. Also reported felt in Alabama, Georgia, Kentucky, South Carolina, and West Virginia.

But that's ancient history. There haven't been any earthquakes in South Carolina recently - have there?

In 2001, 31 earthquakes were recorded in the Middleton Place - Summerville seismic zone (approximately 22 miles northwest of Charleston SC).. The magnitude ranged from 0.82 to 2.75. Another recent earthquakes within South Carolina was a magnitude 2.7 event on April 5, 2000 (12:18 PM EDT) in the Lake Jocassee area. Other recent quakes include a magnitude 2.4 centered near Laurens, on May 27, 1999, a magnitiude 2.9 felt throughout the Summerville, SC on March 29, 1999. A magnitude 3.9 earthquake occurred April 13, 1998 in the midlands of South Carolina.

Okay - earthquakes do happen in South Carolina - where are the greatest risk areas?

The "major risk" area is centered near Charleston South Carolina and includes parts of Aiken, Allendale, Bamberg, Barnwell, Beaufort, Berkeley, Calhoun, Charleston, Clarendon, Colleton, Dorchester, Florence, Georgetown, Hampton, Jasper, Kershaw, Lee, Lexington, Orangeburg, Richland, Sumter, and Williamsburg Counties.