



MEMORANDUM

AGENDA ITEM #VI.E

DATE: MAY 16, 2022
TO: COUNCIL MEMBERS
FROM: STAFF
SUBJECT: COUNCIL MEMBER INQUIRIES

Please find herewith the draft consumer protection resources developed by last month's featured guest Ms. Beth Brownstein, Director of Communications & Stakeholder Relations, Federal Association for Insurance Reform (FAIR) for your review.

Recommendation

Information Only.



South Florida Regional Planning Council
1 Oakwood Boulevard, Suite 250, Hollywood, Florida 33020
954-924-3653 Phone, 954-924-3654 FAX
www.sfr regionalcouncil.org

WHAT EVERYONE SHOULD KNOW ABOUT FLORIDA HOMEOWNERS INSURANCE

WHEN SEARCHING FOR A FLORIDA PROPERTY INSURANCE POLICY:

- Get Multiple Quotes - Reach out to one or more insurance agents and request quotes from multiple insurance companies. Different companies offer varying policies and prices, it is important to find what works best for you and your home. Remember, an agent can represent more than one insurance company.
- Verify - Avoid being a victim of fraud by taking the time to verify that the company, broker, and/or agent(s) you are working with are licensed and in good standing with the state. Visit www.myfloridacfo.com/Division/Consumers/PurchasingInsurance/ or call the DFS Consumer Help Line at (877) 693-5236 to verify.
- Read Carefully & Ask Questions - Throughout the search and underwriting processes, carefully read all documents and answer any questions. **ALWAYS** ask your agent for clarification on aspects of the policy or questions you do not understand fully - it is important to not knowingly exclude or provide incorrect information.

What If You Can't Find a Policy?

Unfortunately, the state of the property insurance market in Florida has put some consumers in the position where they are non-renewed from and/or cannot alternative find homeowners coverage in the private market. If this happens to you, there are some resources in place to try and help.

- Florida Market Assistance Program (FMAP) - FMAP is a free service to help match consumers with agents in their area who are able to secure coverage from an authorized insurer. You will need: (1) current or previous property insurance policy, (2) property appraisal, and (3) your local county appraiser's office.
- Citizens Property Insurance - Citizens was created by the Florida legislature to provide homeowners insurance to eligible Floridians who are unable to find coverage in the private markets, though some restrictions do apply. Note, that coverage on these policies is more limited than private policies (but better than nothing!)
- E&S Market - As a **final** resort, you may need to turn to the Excess & Surplus Lines (E&S) market to find coverage. E&S carriers fill gaps in the insurance marketplace. but they are NOT admitted carriers. Meaning, they are not regulated as regulated by the state, thus policies may be lacking in certain consumer protections and are not backed by the Florida Insurance Guarantee Association. It is especially important to review each E&S policy **carefully** and **ask for clarification** if you do not understand.

ABOUT US

FAIR or the Federal Association for Insurance Reform is a non-partisan, not-for-profit based out of Fort Lauderdale, Florida. FAIR is dedicated to ensuring consumers have access to quality insurance coverage for an affordable price, through balanced public policy. To learn more visit, www.federalinsurancereform.org or contact us at (754) 200-4538.

YOUR FLORIDA HOMEOWNERS INSURANCE POLICY: IMPORTANT TOPICS TO UNDERSTAND



Coverage

- Amount of Coverage - A critical piece of any insurance policy is the amount of coverage provided for the structure, contents, etc. It is important to maintain an adequate amount of coverage to be able to rebuild your property.
- Types of Policy Coverage:
 - a) Replacement Cost Value - Will pay the cost to replace/repair damaged property without subtracting for depreciation.
 - b) Actual Cash Value - Will pay the cost to replace/repair damaged property minus depreciation for age and use. For example, if your roof is expected to last 20 years and it was 17 years old at the time of the damage, the replacement cost value will be much higher than the actual cash value.
- What is an adequate amount of coverage? Florida's Department of Financial Services recommends that consumers **do not** rely on the purchase price of their property, the mortgage amount, or the tax value of their home. Adequate coverage must be the amount necessary to rebuild the home at today's material and labor costs.
 - It is important to conduct an **annual review** of your policy to make sure you have enough coverage. Additions, home improvements, and economic changes are some things that could impact the value of your property.
- Home Inventory - Preparing a home inventory with photos of your belongings can help your annual review and make the claims process easier!

ADDITIONAL RESOURCES:



Deductible

- Deductible - A deductible is the amount the policyholder pays before the insurance begins to pay for covered losses. Most policies in Florida include your standard all perils deductible and a hurricane deductible, some may also include a sinkhole deductible. Understanding your deductible(s) and how it works will avoid unexpected costs when submitting a claim.
 - a) All Perils Deductible - Applies to covered damages that are not caused by a named hurricane (ex. theft, fire, lightning, etc.). This deductible is typically a set dollar amount.
 - b) Hurricane Deductible - Applies to damages from a named hurricane declared by the National Weather Service. The hurricane deductible is applied once per year (with the same insurance company), but if you are hit by a second hurricane that year you may need to pay the all perils deductible.
 - Hurricane deductibles are typically a **percentage of the policy limit**. For example, a 10% hurricane deductible on a \$500,000 policy would be \$50,000.
 - c) Sinkhole Deductible - Applies to damage caused by a sinkhole.

Flooding is NOT covered by the standard homeowners insurance policy.

Flood insurance can be purchased from the National Flood Insurance Program, private insurers, or as a rider on your policy. Ask your insurance agent & get covered today!

*Flooding is the most common & costly natural disaster!
FAIR recommends everyone purchase flood insurance.*

For more information about homeowners insurance and related topics, check out some of these helpful resources:

- **Office of the Florida's Insurance Consumer Advocate:** Find a variety of educational materials and information about your consumer rights in English, Spanish, & Creole, and contact the office directly if you have questions, concerns, or issues. Visit: www.myfloridacfo.com/division/ica/consumeroutreach or contact the office at (850) 413-5923 & YourFLVoice@MyFloridaCFO.com.
- **Office of Florida's Chief Financial Officer, Division of Consumer Services:** Find a variety of educational materials, verify agents and companies, and get insurance help. Visit: <https://www.myfloridacfo.com/Division/consumers/> or contact the toll-free helpline at (877) 693-5236.
- **Insurance Information Institute:** Learn more about the industry, insurance specifics, and disaster preparedness. Visit: <https://www.iii.org/>.

RED FLAGS: AVOID FALLING VICTIM TO PROPERTY INSURANCE FRAUD SCHEME

Fraud, in particular contractor and roofing fraud schemes, is a common and serious problem in Florida. In fact, these schemes are one of the factors increasing the cost of property insurance across the state. Avoid falling victim and protect yourself by familiarizing yourself with these warning signs.



Offers to sell or increase your insurance coverage just before or during a disaster.

Insurance coverage cannot be purchased until 72 hours after a hurricane or tropical storm watch/warning is lifted.



Pressure to sign an Assignment of Benefits (AOB) contract.

An AOB contract allows the policyholder to transfer your insurance rights to a third party, like a contractor. They can be paid directly for services, endorse checks on your behalf, communicate with the insurance companies, and file a lawsuit against the company. Recently, **direction to pay agreements**, which allow the insurance company to make direct payments to a contractor for completed services, have also been used in fraud schemes. These kinds of agreements are often used by contractors such as roofers, plumbers, etc., but you should never feel pressured to sign.



Does not or refuses to provide a copy of a signed contract or agreement.

A key warning sign is if a person or company does not or refuses to provide you with a copy of a signed contract or agreement. Fraudsters often use an iPad to do exactly that, leaving consumers with minimal knowledge of what they have signed.

This is **not** a comprehensive list, it is important to know insurance fraud is a serious problem in Florida and to be on the look out for suspicious behavior. Always be wary of someone making promises that seem too good to be true.



The promise of services at no charge, and/or offers to waive your insurance deductible.

One common scheme is the offer of a free roof, this is a warning sign because there is no such thing as a free roof. In addition, it is **illegal** to waive/pay your insurance deductible.



Pressure to file an insurance claim.

Feeling pressure to file a claim against your insurance company can often be a sign of a fraud scheme.



Appears at your property unsolicited with offers of a free inspection and/or gift card.

Fraudsters often canvas neighborhoods and knock on doors with offers of free inspections and gift cards for agreeing to an inspection.



Prefers to conduct ALL communication in person.

Unwillingness to put communications in writing (i.e. text or email) is a red flag.



Contractor does not provide a detailed estimate of services.

You should expect to receive a detailed estimate of services requested from contractors.

PROTECT YOURSELF

➡ **Verify & References:** Confirm that the contractor, adjuster, insurance agent, and/or insurance company you want to work with are licensed and in good standing with the state of Florida. Ask potential contractors, agents, and adjusters for recent references.

- To verify contractor licenses and view/file complaints, visit the Florida Department of Business & Professional Regulation at <https://www.myfloridalicense.com/wl11.asp?mode=0&SID=> or call (850) 487-1395.
- To verify insurance agents, adjuster licenses, and insurance companies visit the Florida Department of Financial Services at <https://www.myfloridacfo.com/Division/Consumers/PurchasingInsurance/> or call (877) 693-5236.

➡ **Insurance & Permits:** Make sure any contractor you work with has either workers' compensation insurance or proof of an exemption. In addition, ensure the contractor has the proper permits for the work by checking with your local permitting office.

➡ **Inspect:** Ensure that your insurance company inspects damage before signing any contractor paperwork or starting construction or work on the property.

➡ **Payments:** Protect yourself by not making any cash for full upfront payments for contractor services (advanced payments should **never** be 50% or more of the full cost of services). In addition, do not make the final payment to the contractor until all work has been completed and you have been provided a Contractor's Final Payment Affidavit.

➡ **Copies:** Carefully read and request a copy of contracts signed. Do not sign a contract with excessive blank space.

➡ **Read Carefully & Ask Questions:** Thoroughly read and ask questions about your insurance policy. Ask your insurance agent or company for clarification on aspects of the policy you do not understand. Do **not** rely on a contractor for information about your policy. Likewise, carefully read and understand **any** contract you sign related to your insurance policy.

ADDITIONAL RESOURCES:

For more information about fraud, homeowners insurance and related topics, check out these helpful resources:

- **Office of Florida's Insurance Consumer Advocate:** Find a variety of educational materials and information about your consumer rights in English, Spanish, & Creole, and contact the office directly if you have questions, concerns, or issues. Visit: www.myfloridacfo.com/division/ica/consumeroutreach or contact the office at (850) 413-5923 & YourFLVoice@MyFloridaCFO.com.
- **Office of Florida's Chief Financial Officer, Division of Consumer Services:** Find a variety of educational materials, verify agents and companies, and get insurance help. Visit: <https://www.myfloridacfo.com/Division/consumers/> or contact the toll-free helpline at (877) 693-5236.
- **National Association of Insurance Commissioners (NAIC):** Learn more about insurance, fraud, and report fraud. Visit: <https://content.naic.org/> or call (816) 783-8500, option 1.