

# 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.
- 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.
- 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/](http://www.myfloridacfo.com/Division/Consumers/PurchasingInsurance/) or call the DFS Consumer Help Line at (877) 693-5236 to verify.

## 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 find alternative 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 who can secure coverage from an authorized insurer. You will need to provide basic property information. You can find this information on (1) a current or previous property insurance policy, (2) property appraisal, or (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 although coverage on these policies is more limited than private policies, it is better than no coverage at all.
- 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 are NOT admitted carriers regulated by the state. As a result, ESL 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 policy provisions.

# 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 **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 of your belongings can help your annual review and make the claims process easier! A quick way to do this is to video the inside and outside of your home, making sure to capture your personal property, artwork, etc.

## 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 in the same year you may need to pay the "all perils" deductible described above.
    - 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 and get covered today!

*Flooding is the most common and 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, and Creole, and contact the office directly if you have questions, concerns, or issues. Visit: [www.myfloridacfo.com/division/ica/consumeroutreach](http://www.myfloridacfo.com/division/ica/consumeroutreach) or contact the office at (850) 413-5923 & [YourFLVoice@MyFloridaCFO.com](mailto: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/>.