



## Hurricane Season 2013 – Situational Awareness

By Charles R. “Dick” Tutwiler



In the coming weeks and months we will be hearing a great deal about the hurricane threat as we watch the tropical storms spin off the coast of Africa and in the Caribbean. For some unlucky folks it may become very personal in our own Florida backyard. Our luck cannot hold forever. I hope it does, but Mother Nature is the boss and she does what she wants to do.

In the latter part of 2012 most of us thought we had a pass on major storm damage. Then along came Super Storm Sandy. While not a major hurricane, Sandy caused unprecedented damage throughout the coastal northeastern U.S., primarily from storm surge and flooding. Areas not flooded in decades suddenly were awash with seawater and other toxic brews. High rise buildings in lower Manhattan were flooded in their basements and the Statue of Liberty closed because of unprecedented catastrophic flood damage to their infrastructure.

Our team of professional adjusters were on the job in the early days after landfall helping folks in the city and outlining boroughs in a very trying environment. Our efforts continue and we continue to get inquiries from homeowners and businesses trying to work through claim and coverage disputes in the adjustment process. There are a lot of very sad stories out there the we hear about and read daily.

As we start this year’s hurricane season, one thing I have learned in a very long career of dealing with the misery of others, is that you cannot be over prepared. That begs the question to define what being prepared really is. There are lists and then there are lists of things organizations and experts tell you to do to be prepared. Many have to do with life, health, and safety issues, while others focus on financial recovery, such as having the right insurance coverage.

Today, having a property insurance policy to satisfy your financial checklist is simply not enough. Property insurance policies (especially in Florida) are like Swiss cheese--full of holes. Given all the exclusions and self-insured provisions such as large hurricane percentage deductibles and other special exclusions the insurance lobby has pushed through the legislature, your property insurance policy is not going to cut it when it comes to financial security. Now another item for your list will be to have the financial resources to fund all the things that are not going to be covered. Remember large percentage deductibles, depreciation, non-covered property (especially

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to beach front condominiums), ACC clauses (Anti Concurrent Causation) regarding flood versus wind? And let's not forget the sinkholes that will likely follow given the torrential rain the tropical storms will bring. I hope you see the picture, as the list continues to grow.

One take away from our New York clients is that who your insurance company is will make a big difference to your claim experience. Like a lot of things in life, you have the top of the line and then in a descending order all the rest. If you had a top of line insurance carrier in New York after Sandy, most likely you were treated very well. As you moved down the price and quality scale the experience went from OK to bad to really bad. Yes, property insurance policies are different. Some are the Rolls Royce of coverage while others are bare bones policy forms. Now is the time to check on your current or prospective insurance company. Find out now how your company is rated, what the policy "really" covers, or conversely does not cover. Ask about service, prompt payment, and resolving disputes in a timely manner. Agents are a great source for this information since they hear the complaints. [State Insurance Departments](#) and [consumer protection agencies](#) are also good sources for this.

I was shocked the other day to have a Vice President of Claims from a Florida insurance company tell its policyholders that they did not have enough adjusters to handle all the policies they had sold. There are a number of resources out there, so check them out now before you have a claim.

Floridians are especially vulnerable due to the number of untested and minimally capitalized companies that have come on the scene with little to no track record. The mindset in Florida seems to be to just get a company up and running that can take-out some policies to minimize the Citizens Insurance peril of over exposure. I think we have seen this picture before following the four 2004 hurricanes. Most recently, a Florida company was fined \$1.2 million for among other things post-loss underwriting.

But back to those lists. Experience has taught me that one thing you can do is consider a "SITUATIONAL AWARENESS" drill. Consider where your property is located and the perils that are likely to impact your property. Those with beachfront and in flood hazard zones need to know about flood insurance. Not only about the fact that a flood loss is excluded in a standard homeowner's policy, but also about the limited coverage National Flood Insurance Policy actually provides. Do you know what "Direct Flood Damage" means in the adjusting world? In some of our Superstorm Sandy New York losses, our client had a rude wake-up call learning about what was and was not covered. It's my understanding that agents and brokers are now getting numerous calls about EXCESS FLOOD coverage in New York and New Jersey. The New York Times ran an article titled "[Before the Flood](#)" on May 31, 2013 that I recommend you read. Law and ordinance issues, the 50% rule, anti-current causation clauses, minimal flood coverage, excess flood insurance, the list goes on for the unsuspecting homeowner and business.

Please take the time now to do your own "Situational Awareness" analysis of your risk for loss from perils that may affect your location. Right now time is on your side. But remember, once those storms start spinning up, the insurance underwriter's window will be closed for business.

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And if that is not enough, one of America's largest insurance companies is setting a new policy on claim handling for roof claims. Their CEO said the company "must continue to raise returns from homeowners business, making sure we keep average premiums headed up!"

How are they going to do that? Well, with a new product called House and Home, will not pay you for a new roof if your old roof needs to be replaced due to a covered loss. "The product gives us an opportunity to deal with roof damage differently, according to the CEO." He goes on to say, "that's really the next game we will need to successfully accomplish to get to our 13 percent return on equity by 2014." Nice.

Where are they planning to rollout this product? Why storm battered Oklahoma in October of this year. You cannot make this up. Read your policy and pay attention to the details. Take into consideration where you are and add to your list the amount of necessary funds you will need to put that roof back over your family's heads should you fall victim to some agents selling these types of products.

It's Hurricane Season. Always stay safe.

PS: Don't forget Tutwiler & Associates pre-loss property insurance claim preparation and disaster planning service called [Disaster First](#). Let us come out to document the condition of your property and identify any issues to avoid claim and settlement disputes should a claim occur.

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