

Informer

The Official Newsletter of Affiliated Insurance Managers



We Work With You

What we all learned from the unprecedented floods

by Jack Daly, President

April Fools Day hit Rhode Island with a severe rain storm that was no joke to any of us. One out of five homes were affected by the deluge of rain that the Governor labeled a 200-year storm. Many small businesses suffered extensive damage to buildings, furnishings, computer systems and inventories.

We were able to assist so many of our clients through this terrible ordeal. Our entire staff worked extra hours during the three week period after the storm to assure that you, our customers, were given the utmost care and consideration. We were happy to find coverage and present claim payments wherever possible, lessening the financial harm caused by this unfortunate incident.

I am very proud of our staff and greatly impressed in how our 24/7 hot line coordinated quick responses to assist those in need. Hopefully we have all weathered the storm and now can enjoy a beautiful New England Spring & Summer Season.

But what now?

They say that experience is the best teacher but also a tough task master. Learning the hard way is not what we wanted nor what we want to do in the future. As far as our residential clients are concerned, those that had the supplemental coverage endorsements received payments under their policies to assist them in the clean up and restoration of their homes. Although this coverage is limited, it certainly helped.

What have we learned?

We learned that we can better protect our homes by the installation of French drains, wells and sump pumps. We learned that water

seeks the path of least resistance and even though it did not happen to me this time, it could happen to me next time.

On our commercial policies, the enhancement coverage endorsements provided coverage for many of our clients, who without these valuable endorsements, would have been devastated by the damages to furnishings and inventory.

In order to protect us from the next storm, it is good to understand what is and isn't covered by insurance policies and federal assistance programs. Water damage arising from an outside source is excluded from every insurance policy. The only way you can partially protect yourself is by purchasing the enhancement coverages offered by our insurance carriers, which again is limited but proved to be a blessing to many of our clients in this storm.

You can also purchase flood insurance from us as well, but you must understand that this is a federal program intended to help and assist in a crisis but never intended to put you back in the same financial position you were in before the loss. The coverage is limited in scope and dollars.

Most of us living in New England have basements or crawl spaces supporting our homes. Flood policies will only cover a limited amount of items in your basement or as they put it "below grade level." Finished recreation rooms, playrooms, laundry rooms or even additional living areas in basements are not covered. The only items that are covered are furnaces, hot water heaters, washer & dryers and portable air conditioners. The flood policy will also pay for some building coverage such as plasterboard, insulation and studding but not for finishing materials. "If you are concerned about flooding, don't finish your basement."

continued



Emergency Checklist

1. Call AIM to find out if you have the proper endorsements and limits to potentially cover against the next storm.
2. Do not store, place or keep anything in the basement that you are not prepared to lose to rising waters or flood.
3. Review the Flood Policy coverage with AIM.
 - A. Should I purchase Flood Insurance?
 - B. What limits should I carry on building and contents knowing that most items in basements are not covered.
 - C. Describe what I am trying to protect to my AIM representative.
 - D. If I have Flood Insurance already review coverages with my AIM representative.
4. Understand that money spent creating a recreation room in the basement may be totally destroyed by water damage and not be reimbursed through any type of insurance coverage.
5. While checking with AIM on the above, inquire about the additional cost to add earthquake coverage. Although we may feel comfortable that an earthquake will never happen, we never envisioned a 200 year storm that would do such devastation to our state.

We at AIM look forward to your call.



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How can we prepare for the future?

Since federal assistance had not been required in over 60 years, many of us were unaware what we would be entitled to through the Federal Emergency Management Association. The quick answer is: FEMA offered about the same things covered by a flood policy, which is below grade – basically very little. The one exception to this is that FEMA did pay for furnished rooms below grade if those rooms were used as living accommodations (i.e. bedroom, bathroom or even kitchen).



You may ask at this point “*So why should I purchase Flood Insurance?*”? The flood policy will pay for the clean up of your basement and provide funds for the replacement of studs, insulation and plasterboard damaged by the water. In addition, they will pay for furnishings and improvements above grade level as well as clean up expenses. So as witnessed by this storm, there is coverage for damage to furnishings and improvements on the first floor and above.

We invite you to view our website where you can learn about protecting your home in the future against storms and hurricanes. A checklist of items is provided on the reverse for your convenience.

Optional Endorsements for Homeowners Insurance Coverage

In addition to our standard homeowners insurance coverage, we offer a wide range of additional optional coverages that can be added to your policy. Some of the most common endorsements cover jewelry, fine arts, camera equipment, coin or stamp collections, computer equipment, and water back up and sump pump overflow, which was critical to many of our clients during the recent flooding.

These coverages can enhance the protection of your home and personal property, as well as extend additional protections for liability and related risks:

Extended Replacement Cost on Dwelling - used to increase your primary dwelling coverage by either 25% or 50% to better accommodate a customer's needs.

Replacement Cost on Personal Property - protects the customer from receiving a depreciated value for their personal property, replacing with new items of like kind and quality.

Additional Limits of Liability - provides additional primary dwelling coverage when a covered loss occurs and the cost to rebuild the dwelling exceeds the limit of liability.

Earthquake - covers against a direct physical loss caused by an earthquake or earth movement, and is subject to a 5% deductible.

Water Back up and Sump Overflow - covers for direct physical loss due to water backing up through sewers or drains and water that overflows from a sump.

Increased Limits on Personal Property - offers the insured the ability to increase certain personal property coverages from the standard homeowner's limit.

Increased Limits on Business Property - increases the coverage for “business” property on the “residence premises”.

Scheduled Personal Property - covers jewelry, furs, cameras, musical instruments, silverware, fine arts, and golfer's equipment for the appraised value and is not subject to a deductible.

Personal Injury - extends the limit of liability on your homeowner's policy to cover you against libel, slander, and invasion of privacy.

Additional endorsements and credits are subject to availability and qualification, so speak to your AIM representative to see if adding an endorsement is the right fit for you.