

# Insurance tips when buying a home in Florida

With the continued potential for increased tropical storm activity and mounting cost of claims in the state, the Florida homeowners insurance market continues to be in what is known as a 'hard' market. When an insurance market turns hard, it means increases in price and decreases in product availability, both of which make it harder for homeowners to find the coverage they need.

## How homeowners can prepare

To avoid overpaying to be underinsured, it is important to have the most complete information available about a property. Having specific reports and documentation is vital to providing the full picture of a home's risk profile.

- One key determining factor is the year that a home was built, as the Florida Building Code (FBC) changed for most of the state on September 1, 2002. Homes built after this date usually meet updated guidelines and go through a less stringent review process.
- If a home has been renovated, it is important to ask for details about the extent of the renovation. In Florida, a home can be taken down to the studs but keep two original walls standing to maintain tax status of the property, so some insurance companies will agree to consider the year of the renovation as the year built of the home instead of looking at the original year it was built.
- If the home is built before 2006, ask for a wind mitigation inspection report. While a home built after the FBC change should have all these characteristics, some insurers are looking to confirm these standard requirements:
  - Roof covering (asphalt shingles, clay or concrete tiles, etc.) meets FBC or is FBC equivalent
  - Roof to wall attachment is a minimum of clips; single straps are better
  - Roof deck attachment is 8d 6x6 (8d is the length of the nail, 6x6 is a pattern of nailing that is closer together)
  - All windows and exterior doors have Class A-rated protection; most homes built after 2002 will have impact glass, but homes before 2002 can achieve this protection with the use of hurricane shutters
  - Garage doors rated to sustain impacts at a certain speed and not be compromised
- Buyers should ask for a 4-Point Inspection, which notes the age of the home's electrical panels, wiring, HVAC (Heating, Ventilation and Air Conditioning), plumbing, and roof.

## Policyholder considerations

Despite this challenging time of change in the insurance marketplace, there are some steps current homeowners can take to help maintain their insurability:

- Make payments on time to avoid a lapse in or complete loss of coverage. Ensure that both your broker and your insurer have your current billing address and contact information on file.
- Consult with your insurance advisor before submitting a claim to consider the potential impact on future insurability.
- Discuss any home renovation projects with your insurance advisor early in your planning stage before signing an agreement or beginning construction. Home renovations can change the risk profile of a property, which may trigger a mid-term cancellation or non-renewal.

- Insurance companies are also concerned about a roof that is more than 15 years old, even though certain roof covering materials have a useful life of 25 or 30 years.
- Buyers should also ask for an elevation certificate if the home is in a high-risk flood zone (Zone A or V). Most insurance companies need to confirm the home is positively elevated to be eligible for coverage. Homes built prior to 1970 might not be positively elevated and this will impact premium. Flood, wind, and hurricane protection program coverages are all important considerations, regardless of the flood zone of the property.

All these reports are in addition to the standard home inspection typically performed as part of the real estate transaction process. Some of this information may still be required even if the homeowner wants to self-insure for wind coverage, such as renovation information, a wind mitigation inspection report, a 4-Point Inspection, and an elevation certificate.

Additionally, when there is a mortgage, it is important for the buyer to confirm it will be insurable at a reasonable cost before making an offer or finalizing the closing. Just because a property is currently insured by the seller does not guarantee the home will continue to be insurable in current market conditions. Likewise, if you are planning to sell your home, a prospective buyer may want to make sure coverage can be obtained on the property before making an offer or closing.

## Working with a broker

Clients faced with the challenges of a hard market often benefit from the expertise provided by a professional insurance advisor who works with multiple insurance companies and can provide counsel and advocacy. Whether you are buying a new home, looking for new coverage after a non-renewal, or considering changing insurers after a steep premium increase, Marsh McLennan Agency Private Client Services is happy to assist you in navigating your insurance options.

## About Marsh McLennan Agency Private Client Services

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## Policyholder considerations, continued

- Speak to your insurance advisor before turning your primary home into a secondary residence or rental property. A change in occupancy may be considered an increase in risk, which also can trigger a mid-term cancellation or non-renewal.
- If you haven't completed a comprehensive review of your personal insurance recently, now is a good time to schedule one with your insurance advisor.