



WIND AND HAIL UPDATE

*South Carolina Wind And Hail
Underwriting Association
P. O. Box 407
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REPLACEMENT COST COVERAGE *** FLOOD REQUIREMENTS ***

Since the announcement of the change in eligibility for Replacement Cost Coverage, we have heard from a number of producers. Many of you have taken issue with the requirement that the flood policy must be written through your agency.

Effective immediately, we will be amending the rule to require flood coverage be in place at the time of loss. If there is not a flood policy in place at the time of loss, the loss will be settled on an Actual Cash Value basis. The replacement cost form (WHP10) is being changed to reflect the flood insurance requirement.

There will *not be* a requirement that the coverage be placed through your agency.

On eApp, two new options have been added. Note whether the flood coverage is written through an Excess and Surplus (E&S) Lines Company or through another agency. If coverage is written through another agency, do not click on the flood carriers name. Instead, mark that the policy is written through another agency.

Flood policies written through an E&S Market or through another agency will not be eligible to participate in the Single Adjuster Program.

FAQ's

There have been a number of producer inquiries about the flood insurance being an additional requirement for replacement cost coverage. We would like to share the frequent questions with you.

Why are you requiring flood insurance?

The requirement came out of discussions with the South Carolina Department of Insurance. The DOI is very concerned about the problems that arose along the Gulf Coast after Katrina. One of the key solutions is for the consumer to carry both wind and flood coverages.

You should also be concerned about your professional liability exposure. Consumers without flood insurance may sue their producer when they have a flood loss.

Why does E&S flood coverage or flood insurance written through another agency make the risk ineligible for Single Adjuster?

The Single Adjuster Program is a coordinated effort with SC Wind and the National Flood Insurance Program (NFIP). E&S markets are not part of the NFIP and are not interested in participating.

When flood coverage is written in a different agency, it is difficult to coordinate the adjuster assignment. For example, the flood agency may not be doing business with SC Wind and will not receive the notice about the implementation of the Single Adjuster Program.

Our agency does not have a flood insurance market!

There are a number of Write-Your-Own Flood Insurance Companies participating in the National Flood Insurance Program. Please contact one of them. If not, contact the NFIP about their direct program.

My clients cannot afford flood insurance!

Compared to the exposure, National Flood Insurance is a bargain.

My clients do not need flood insurance. They do not live in a high hazard area!

The NFIP reports that 30% to 35% of all flood losses occur in areas that are not high hazard. Plus, premiums in these areas are very low.

Do we have to insure to value with flood insurance?

Yes, however, the maximum limits available from the NFIP are acceptable. It is not necessary to purchase an excess flood policy to meet the SC Wind flood requirement.

