

# The Alabama Coastal Insurance Shopper's Guide

*Are you paying too much?  
Do you have the right coverage?*



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## Introduction

No one enjoys paying insurance premiums, but we all sleep better at night knowing our families and possessions are protected. Unfortunately, the sharp increase of homeowners insurance premiums in Alabama’s coastal counties following Hurricanes Ivan and Katrina has driven many consumers to reduce the coverage provided by their policies.

Dropping important coverage from a homeowners insurance policy has a number of bad consequences in the event of a loss. Homeowners risk bankruptcy and home foreclosure if they cannot repair their homes after a loss. In addition, the coastal economy is harmed when empty lots, blue tarps, and foreclosure signs cover our neighborhoods.

The purpose of this shopper’s guide is to provide consumers with information and tools to help them shop for the best quality homeowners insurance at the best available price. Section I

describes the process of purchasing homeowners insurance. Section II explains the most important elements of homeowners insurance coverage and suggests questions consumers should ask their agents. Section III describes various markets that sell homeowners insurance. Finally, Section IV provides a template/checklist consumers can use to compare quotes and coverage from multiple insurance companies.

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## Section I: The Process of Buying Homeowners Insurance

If shopping for homeowners insurance was a ride at the county fair, it would have a very short line. For many people the task seems daunting and the perceived rewards



are too small to warrant such effort. However, the market for homeowners insurance changes frequently as new companies enter and existing companies lose their appetites for coastal wind risk. If it has been more than a few years since you shopped for insurance, or if you have never shopped beyond your current agent or insurance company, you could be paying too much and/or not getting the right coverage. The Alabama Department of Insurance website shows that for the same coverage on the same house near the coast of Alabama, **premiums differ by more than 100 percent across insurance companies.** In other words, if you

are with the most expensive company, ***you could cut your premium in half – without losing any coverage – just by shopping around.***

## **Step 1: Be prepared**

Insurance companies require a lot of information about you and your home before they will offer a policy. If you have this information organized before you contact insurance agents, it will be a much easier process. Important items include the construction classification, year built, year renovated, size, protective devices (alarm system, deadbolt locks, fire sprinklers), amenities (swimming pool, fireplaces), and a detailed description of the house for valuation. Your current insurance contract may include all of this information on the Declarations page; however, it is worth your time to verify its accuracy. A real estate appraisal report and a real estate inspection report generally include all of this information. If you do not have the appraisal or inspection report, you might be able to get a copy from the appraiser or inspector you used when buying your home.

It is common for an insurance agent or customer service representative to assist consumers in collecting this information and estimating the replacement value of the home.

## **Step 2: Selecting agents and insurance companies**

Insurance agents are licensed professionals who can help you purchase insurance from insurance

companies. Because all agents and companies are different from each other, choosing an agent and insurance company is an important step in buying insurance. Like any other product or service, a good way to choose your insurance agent or company is to ask other people if they are pleased with their own agent or company. You can also check the Alabama Insurance Department website for complaints and disciplinary actions ([www.aldoi.gov](http://www.aldoi.gov)).



An agent may represent one insurance company, or many insurance companies; therefore, you will need to contact multiple agents if you want to get price quotes from all of the insurers that are willing to cover your home. This guide provides more information about the market for homeowners insurance in Section III.

### **Step 3: Request quotes/complete applications**

The next step is to complete applications for insurance and request quotes. The insurance agent or agents you select should assist you in completing the application; however, once you have completed one application, you might be able to save time by providing a copy of that application to the next insurance agent.

This is also a great time to ask about any discounts offered by the insurance companies.

Most insurers in Alabama offer large discounts on wind insurance if a home meets certain building requirements (see [www.smarthomeamerica.org/fortified/discounts-and-incentives](http://www.smarthomeamerica.org/fortified/discounts-and-incentives)). For example, a home designated FORTIFIED™ Bronze will receive a 35-percent discount on the wind portion of the premium. There are also discounts for placing multiple policies with the same company (e.g. auto or life insurance), and a long list of other discounts. ([www.smarthomeamerica.org/insurance/insurance-discounts-and-savings](http://www.smarthomeamerica.org/insurance/insurance-discounts-and-savings))

#### Step 4: Compare quotes

Comparing quotes from multiple insurance companies is the most challenging part of this process. While it is easy to compare the premium charged for each policy, it is important to make sure the coverage provided by the policy is consistent across quotes. There is a lot of variation in coverage across companies and policy forms. Section II – Elements of Insurance Coverage, and Section IV – Homeowners Comparison Checklist are designed to simplify this comparison. It is essential for consumers to **ask questions** of the insurance agent or company if anything about the quote is unclear.

#### Step 5: Purchase the policy

Once you have chosen the best agent, company, policy, and price, you are ready to purchase the policy. If you have a mortgage on your



home, you will likely be required to contact the mortgage company to have them named on the policy and provide payment through escrow.

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## Section II: Elements of Insurance Coverage

Six key concepts and coverages are introduced and described in this section. The six ways to know you have adequate protection on your home are:

1. Your house is insured for its **full replacement cost**
2. You can afford (and understand) your **deductible**
3. Your policy covers the appropriate **perils** (causes of loss)
4. Your policy pays for **Additional Living Expenses**
5. Your policy includes additional coverage to comply with **Building Codes**
6. You have a **Flood** policy

### How much coverage did you quote on my house and does this include detached structures (garage, workshop, etc.)?

If your home is destroyed by a covered loss, the insurance company does not buy you a new home. Rather, they fix or replace the home you had before the loss. Therefore, you need to insure your home for the amount it would cost to rebuild it in place. This is very different from the amount you paid for your home, the amount for

which it would sell, or the amount on which you are taxed.

With respect to valuation, you have two primary choices. You can insure the home for its **Actual Cash Value (ACV)**, or for its **Replacement Cost Value (RCV)**.



**Actual Cash Value** is the cost to replace damaged or destroyed property with new property of like kind and quality *minus* the value of its physical depreciation. Essentially, the “used up” value of the property is subtracted from the loss payment. The policy does not provide payment for the entire cost to repair or replace your house.

**Replacement Cost Value** means that the insurance policy pays to repair or replace damaged property with NO deduction for depreciation. Importantly, there are other clauses in RCV policies that can limit coverage, but this generalization largely holds true.





Below is an example of the payout differences between actual cash value and replacement cost for damage to the roof of a house. For this example, we assume that both houses are similar in size, location, age, and value. Further, we assume they suffer the same amount of damage and are fully insured. Lastly, we are ignoring any deductibles that might apply to the policy.

	House A	House B
Insurance Valuation	Actual Cash	Replacement Cost Value
Damage Amount	\$10,000	\$10,000
Age of Roof	15 years	15 years
Depreciation % (“Used Up” %)*	50%	50%
Insurance	\$5,000	\$10,000

\*This is for example purposes only and does not necessarily represent the actual depreciation percentage that may apply.

Notice the adverse effect of depreciation. The one key fact about coverage limits, to assure you have the best protection for your home, insure it at **replacement cost** whenever possible. Most homeowners' policies should insure the house at replacement cost, but you want to confirm this with the agent. Personal property – your stuff inside the home – is often insured at actual cash value unless you change the policy to cover your personal property at replacement cost. This means that you will not receive enough money from your insurer to replace all of your things. This additional coverage may be worth the increased premium.



Although most homeowners' policies provide replacement cost coverage on your house, some insurance companies alter (endorse) your policy to pay only actual cash value for damage to your roof surfacing caused by wind or hail. These changes (endorsements) apply to only the roof surfacing (shingles, cladding, other coverings, and flashing); if the support

structure (the joists) is damaged, your policy still pays replacement cost. Ask your agent if any such endorsement has been added to your homeowners' policy.

Like the structure of your home, your belongings can also be insured for actual cash value or replacement cost value. This can make a huge difference when you have a large claim. In fact, your personal property or your "stuff" can depreciate much faster than the structure of your home. For example, if you buy a television for \$1,000 it begins depreciating immediately. If it is damaged by an insured peril six months after you buy it, you might only receive \$400 for your claim on an ACV policy. If your policy uses RCV valuation, you would receive \$1,000 or a new television. While RCV coverage is more expensive, it can be well worth the cost if you have a large loss.

Finally, in most cases, when a home is insured for replacement cost value the insurance company will assign a value to the home for rating purposes. They should carefully explain the valuation process at your request. If you disagree with the valuation, you can use a rating system or hire an appraiser to suggest an alternative value for the insurer's consideration.

With some insurance companies (notably the "non-admitted" carriers discussed in Section III), the consumer is asked to select the replacement cost. In this case, you must be

careful to select an adequate replacement cost to avoid “coinsurance” penalties in the event of a loss. It is common for policy forms to require the consumer to purchase insurance for at least 80 percent of the full replacement value of their home. For example, if you insure your home for \$120,000, but its full replacement cost value is \$200,000, your insurance company will only pay 75 percent of your loss. The following example shows calculation of the effect on a \$20,000 loss:

$$\frac{120,000}{200,000 \times 0.8} = .75 \times \$20,000 = \$15,000$$

Your insurance agent can help you select an appropriate replacement cost value or, as mentioned above, you can hire a professional contractor or appraiser.

### **Key Facts to remember about coverage:**

- ACV policies decrease claim payments by depreciation
- They do not pay the full cost of replacing your property
- RCV policies pay the full amount of your covered claims (subject to policy limits and conditions)
- If you are asked to choose the value for your home, you must select an adequate limit to avoid coinsurance penalties

## Can you afford (and understand) your deductible?

As the name suggests, a deductible is the amount deducted from your loss before the insurance company makes payment.



You are required to pay for the deductible portion of a loss. For example, if your policy includes a \$1,000 deductible and you experience a \$3,000 covered loss, the insurance company will pay \$2,000 and you will be responsible for the remaining \$1,000. Deductibles are important in insurance because they increase the policyholder's incentive to avoid losses, thereby decreasing the premium.

You almost always get to choose from several offered deductibles. The larger the deductible you choose, the smaller will be your premium. However, it is important to choose a deductible you can afford to pay. If you experience a large loss and you cannot afford the deductible to fix your home, your insurance company will not continue to provide insurance. Without insurance, your lender can foreclose on your home loan.

Two types of deductible are common for coastal insurance policies: 1) a dollar deductible; and 2) a percentage deductible. Dollar deductibles are expressed as an amount of money, while percentage deductibles are presented as a percentage of your home's insured value.

*Dollar Deductible.* When you have a dollar deductible, a set amount is subtracted from the loss payment. For example, your homeowners' policy contains a \$500 deductible and you suffer a \$5,000 loss that is covered by your policy. The insurance company will pay \$4,500 ( $\$5,000 - \$500 = \$4,500$ ).

*Percentage Deductible.* Percentage deductibles are applied to each property loss, just like dollar deductibles, the difference is percentage deductibles are based on (are a function of) the house's insured value. For example, if your house is insured for \$150,000 and you choose a 5 percent deductible, you will have to pay \$7,500 for each property loss your home suffers. The insurance carrier will not pay anything unless the loss exceeds \$7,500 ( $\$150,000 \times .05 = \$7,500$ ). Regardless of what percentage is used, it is always a percentage of the *amount of insurance* on the property.

Homeowners' policies are generally subject to one, per-loss deductible. If your home and some of your personal property are damaged in the same incident, you only have to pay one deductible. Some policies, such as National Flood Insurance Program's (NFIP's) flood policy, apply separate deductibles to each type of property (separate deductibles apply to the house and your personal property).

The application of deductibles becomes even more complicated if you have more than one policy on the same house, such as a:

- Homeowners' policy (excluding wind) – generally uses a dollar deductible;
- Wind policy through the Alabama Insurance Underwriting Association (AIUA) – a 1, 2, 5, or 10 – percent hurricane deductible applies per the rules of the AIUA; and/or
- NFIP flood policy (if eligible) – a dollar deductible.

When you have multiple policies, you may be subject to more than one deductible depending on the loss. Multiple “perils” (causes of loss) may combine to damage your house and personal property leading to the application of multiple deductibles.

You need to know: 1) if you are subject to multiple deductibles; and 2) what situations may result in the use of multiple deductibles.

### **Key facts to remember about deductibles:**

- Deductibles apply to every property loss.
- Dollar deductibles are a specified amount that you choose (subject to a company-specific minimum).
- Percentage deductibles are a percentage of the amount of coverage on the house.

- The deductible is subtracted from the *amount of loss*, not the amount of coverage.

When reviewing your deductible, remember you have to pay the deductible following any property loss; make sure you can afford to pay any and all deductibles that apply. If the deductible can cause you financial hardship, ask if it can be lowered.

## Does your policy cover the appropriate perils?

In insurance parlance, the cause of a loss is called a peril. Examples of perils that can be insured include, but are not limited to: wind, hail, lightning, fire, flood, theft, vandalism, and legal liability.



If your policy does not cover the peril that damages your house, the insurance company will not pay your claim. Because most people could not afford to fix or replace their homes after a large loss without insurance, it is important to select an insurance policy providing sufficiently broad coverage.

An insurance policy can present covered perils in two ways: 1) “named perils” coverage; and 2) “open perils” coverage. Understanding the differences between these two types of coverage forms is important when you purchase coverage.





As the name suggests, “named perils” policies (coverage forms) cover losses that are caused by one of the perils listed or “named” in the policy form. If the incident that caused the loss is not specifically listed in the policy, there is NO coverage provided by the policy. Further, to get paid YOU must prove that the loss was caused by one of the listed perils (you have the burden of proof).

Coverage provided by “open perils” policies covers losses caused by any peril that is not specifically excluded in the policy form. When this form is used, the insurance company has to prove that the loss was caused by an excluded peril to deny your claim. In other words, the burden of proof is on the insurance company.

In practice, the list of exclusions in an “open perils” policy creates coverage very similar to that provided by a “named perils” policy. However, there are a number of (perhaps

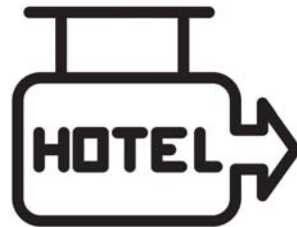
esoteric) loss scenarios covered by open perils forms that are not covered by named perils forms. Several involve items and perils common to coastal areas such as watercrafts and windstorms.



Be careful, though, even if you have an open peril coverage form (such as an HO-3), the insurance company may attach endorsements excluding additional perils not excluded in the policy itself. It is common to see wind excluded by endorsement – requiring you to purchase named peril wind coverage separately.

## Does your policy pay for additional living expenses?

If your house suffers major damage due to a covered peril, you may not be able to live in your house while it is being repaired. This creates **additional living**



**expenses**, such as rent and utilities for an apartment. A decrease in revenue, such as lost income from renting out a section of your home, is also included in additional living expenses. Some insurance policies cover additional living expenses and some do not.

If you would struggle to afford several months of rent, in addition to your current mortgage and other bills, it is important to purchase insurance that pays for additional living expenses. On the other hand, if you could easily afford increased expenses, you might save money on your insurance by excluding this coverage.

In today's insurance market, there are a few insurers that do not offer coverage for additional living expenses (NFIP is one example), and most insurance companies can alter their policies to exclude this coverage resulting in reduced premium. It is important to verify with your insurance agent whether or not your policy covers additional living expenses.

### **Does your policy include additional coverage to comply with building codes?**

In most areas of Baldwin and Mobile Counties, building codes have changed in the last several years. If the code has not changed recently, it is currently being considered.

Even if your house was built this year, it might



not meet your local building codes in the near future.

A contractor cannot build a house that does not comply with current building codes. In addition, if a house is damaged, it must be repaired to the current building code. In some instances, if a certain percentage of a house is damaged, the entire house must be torn down and rebuilt to the current building code.

If your home does not meet the building code at the time of a loss, it could be very expensive to rebuild to the building code compared to rebuilding the house as it was before the loss. Insurance that covers this increase in construction expense is called **“ordinance and law”** coverage. Some policies provide ordinance and law coverage while others do not. When a policy includes this coverage, the amount of coverage limit provided ranges from 10 to 100 percent of replacement cost.

Most policies that include ordinance and law coverage automatically cover 10 percent of replacement cost. This means if it would cost \$200,000 to rebuild your house exactly as it was before the loss, the policy will pay an additional \$20,000 to comply with building codes. In many cases, especially for older houses, this limit is not adequate. However, you may select a higher limit for additional premium.

When meeting with your insurance agent, discuss your need for additional ordinance or law protection. Consider the age of your home, any updates you have made, and the amount of changes in local building codes since your house was built. Remember, the older your home, the fewer updates that have been made, and the more building codes have changed (or newly adopted), the greater the need for this protection.

### **Do you have a flood policy?**

All homeowners policies specifically exclude coverage for flood. You must purchase a separate flood policy if you want to be insured for losses caused by flood damage.



You can purchase flood coverage from either the National Flood Insurance Program (NFIP) or from a private flood market (most often a Lloyd's of London company). The NFIP form is generally much less expensive because the rates and thus premiums are subsidized by the government.



“Flood” is not defined in the homeowners policy, it is just excluded. When a term is not defined by your homeowners insurance policy, you have to look to other sources to define the term. To define “flood,” we actually look to the NFIP flood policy. The NFIP defines flood as:

*“A **general** and **temporary** condition of partial or complete inundation of two or more acres or two or more properties (at least one of which is the policyholder’s property) of normally dry land area from the:*

- Overflow of inland or tidal waters;
- Unusual and rapid accumulation or runoff of surface waters from any source; or
- Mudflow.

*Flood also includes the collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.”*



*Four key concepts found in this definition are:*

1. The definition states “two or more properties...,” it does not state “structures” or who the owner of the second property must be. If flood waters cross onto someone else’s property, the inundation qualifies as a “flood;”
2. The “Ponderosa” provision (where the Cartwrights lived in TV’s *Bonanza*). The “inundation” qualifies as a flood if two or more acres are covered by the waters. If you own a large amount of land you may never qualify for flood coverage without this “two-acre” provision;
3. Mudflow in the flood policy is not synonymous with mudslide. It means a river of liquid and flowing mud on the surfaces of normally dry land areas; and
4. The collapse or subsidence of land does not mean erosion over long periods of time; this is sudden erosion caused by the inundation by flood waters.

When purchasing flood protection for your house, you will purchase the **Dwelling Form**. This flood policy is designed for one to four family structures primarily occupied as a residence. Homeowners, residential renters, owners of two to four unit residential structures, residential townhouse or row house, and the owner of an individual unit in a condominium building are eligible for the dwelling form.

Property insured on the dwelling form is valued at **replacement cost** provided two requirements are met:

- Your house is insured to at least 80 percent of its value, or the maximum coverage available from NFIP; (although this is not a coinsurance form)
- You live in the residence at least 80 percent of the year.

Both requirements must be met. If either of these requirements is not met, the most you can be paid is the property's actual cash value.





Unlike a homeowners policy, the NFIP dwelling form is subject to maximum coverage limits. The maximum coverage available for your house is \$250,000. Personal property coverage is limited to \$100,000.

Each property type (dwelling and personal property) is also subject to its own deductible. You pay two deductibles following a covered flood loss: one for the real property and a second for personal property. Minimum deductibles depend on the flood zone in which your house is located, when it was built, and the amount of coverage. Based on these factors, minimum deductibles range between \$1,000 and \$2,000.

Another key flood insurance claims payment issue is the type of losses covered by the policy. NFIP's dwelling form covers only **direct** losses as a result of a flood. There is no coverage for indirect losses such as additional living expenses.



Regardless of your home's location, you should purchase flood insurance. Especially if you are located in an area considered to have a high probability of flooding. Two main types of flood zones exist: 1) Special Flood Hazard Areas (SFHAs); and 2) Non-Special Flood Hazard Areas. You can determine the flood zone of any property by entering the address at Federal Emergency Management Agency's (FEMA's)'s Flood Map Service Center website: <https://msc.fema.gov>. A less technical description is available from [www.floodsmart.gov](http://www.floodsmart.gov).

There are two broad classifications of special flood hazard areas: 1) "A" zones, and 2) "V" zones.

A special flood hazard area is defined as an area that has a **1 percent chance** of being inundated by a "flood" in any given year (often incorrectly called the "100-year flood plain"). Flood waters have an equal chance of submerging these areas every year for five straight years, or not for 200 years; there is simply a 1 percent statistical possibility **EVERY** year. **Homes located in special flood hazard areas have a 26 percent chance of suffering flood damage over the normal 30-year life of a home mortgage loan**, according to FEMA.

Non-special flood hazard areas are historically delineated on Flood Insurance Rate Maps (FIRMs) using "B," "C," or "X." These are considered areas of moderate or minimal

flooding hazard generally only expected to flood in times of severe storms or when drainage problems exist. However, **25 to 30 percent of all flood insurance claims are paid in these “less hazardous” areas**; so you should not ignore flood insurance just because they are not in areas considered “hazardous.”

Zones historically labeled “B” and “C” are being replaced with just “X.” As Flood Insurance Rate Maps are updated, non-SFHA’s will only be assigned an “X;” either as a “Shaded X” or an unshaded “X.” Base flood elevations are not indicated in either “X” zone.

Shaded “X” zones correspond to areas with a higher probability of flooding than areas tagged by an unshaded “X.” Shaded “X” zones indicate the area has a 0.2 percent annual chance of flooding or a 1 percent chance of experiencing flooding of *less* than one foot in any given year (not high enough to be classified as a special flood hazard area).

**Key Facts to remember about flood insurance:**

1. All homeowners’ insurance policies exclude flood.
2. Homeowners use NFIP’s **Dwelling Form**.
3. Flood coverage in the Dwelling Form is provided on a replacement cost basis on two conditions:
  - The house is insured to 80 percent of its replacement cost or the maximum

amount of coverage available from the NFIP (\$250,000); and

- You live in the house at least 80 percent of the year.
- 4. Flood policies are subject to a maximum limit (\$250,000 on the dwelling and \$100,000 on personal property). If the replacement cost of your house exceeds \$250,000 additional limits are available from private companies.
- 5. Separate deductibles apply to the dwelling and personal property.
- 6. The flood policy covers *direct* loss only, not additional living expenses.
- 7. Regardless of the “Flood Zone” in which your house is located, you should purchase flood coverage.

Flood coverage has a 30-day waiting period (unless for a loan closing or a few other reasons). Because of this, you should plan coverage well in advance, not waiting for a storm.

- Four pieces of information are generally needed to get a flood quote/policy:
  1. An Elevation Certificate (not always required);
  2. The flood zone in which your house is located;
  3. The year your house was built; and
  4. The year of the initial Flood Insurance Rate Map (FIRM) for your area.

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## Section III: Markets for Homeowners Insurance

Basic economic principles suggest that a complex and regulated industry – like insurance – will develop segmented markets with distinct legal and operational roles. While the logic and theory behind development of insurance markets is beyond the scope of this shopper’s guide, it is nonetheless important for consumers to be aware of the various sources of homeowners insurance and the professionals available to help them with this important purchase.

### Insurance Distribution

Insurance companies can sell policies through insurance agents, or they can sell directly to consumers.



Companies using the agency model either use “independent agents” or “exclusive agents.” An exclusive agent represents one insurance company. A few examples of companies that use the exclusive agency system include ALFA, Allstate, Farmers, Nationwide, and State Farm. An independent agent represents multiple insurance companies. Examples of independent agency insurers include Auto Owners, Cincinnati, Hartford, and Travelers.

Direct writers sell insurance directly to consumers. While the sales person may be a licensed insurance agent, they are employed by the insurance company. Direct writers include Esurance, Geico, and Progressive.

At the end of 2015, there were 88 companies insuring Alabama’s coastal homes, and 24 of them were accepting applications for new policies. These include companies using all three distribution systems. Therefore, to test all of your options, it is important to shop with each type of company and agency.

## **Types of Insurance Entities**

Sources of insurance also differ by legal status and organizational form. The most common type of insurance company is known as an “admitted” company. These companies are licensed by regulators in states where they sell insurance. In Alabama, their rates and policy forms are regulated by the Alabama Department of Insurance. Because they must meet regulatory requirements designed for standard risks, these companies generally limit the amount of insurance they sell for extraordinary risks – such as wind insurance for coastal property.

Consumers who cannot find an admitted insurer to underwrite their home have two options. They can purchase insurance from a “residual market” or from a “non-admitted” insurer.

Residual markets are created either voluntarily by the insurance industry, or statutorily by a legislature. In these markets, the insurance companies that voluntarily insure the type of policy in question are required to offer such policies where they are otherwise unavailable at a rate no higher than a maximum set by regulators. The losses or gains of the residual market are shared across all participating insurers. The residual market for coastal property insurance in Alabama is the Alabama Insurance Underwriting Association (AIUA) ([www.auia.org](http://www.auia.org)). In 2015, the AIUA insured approximately 31,000 (15 percent) homes in Baldwin and Mobile Counties.

Non-admitted insurers are also called “surplus line” insurers. Their policy forms and rates are not subject to regulation. They use this flexibility to insure high-risk exposures, including coastal properties. In some cases, these insurers will provide more coverage and/or lower premiums than admitted insurers or residual markets. Examples of surplus line insurers include GeoVera, Lexington, and several Lloyd’s of London syndicates. Most insurance agents can help you shop with both admitted and non-admitted insurers.

Finally, almost all flood insurance for homes in the U.S. is underwritten by the National Flood Insurance Program (NFIP). NFIP is a federal government insurance program administered by the Federal Emergency Management Agency (FEMA). While private insurance companies help

distribute and service flood policies for NFIP, they are governed by federal rules and regulations. These flood insurance policies are not part of your homeowners policy. They are separate policies with important rules and limitations.

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## **Section IV: Homeowners Comparison Checklist**

The following form will help you compare all the information provided in insurance quotes from multiple insurance companies or agents, including:

- Basic underwriting information;
- Key coverage factors; and
- Premium.

You may complete the form, or your agent can complete it for you. Once the form is completed, save all completed checklists with your policy. Complete a new checklist each time you change insurance agents, insurance companies, or insurance coverage.

Additional copies can be downloaded from **[www.aciir.culverhouse.ua.edu/ShoppersGuide](http://www.aciir.culverhouse.ua.edu/ShoppersGuide)**.



## Homeowners Comparison Checklist

Property Information		
Address:		
City / Zip:		
Distance to Gulf:		
Construction Type:		
Exterior Finish:		
Year Built:		
Square Feet:		
Roof Material:		
Roof Shape:		
Roof Straps: Y/N		
Foundation Type:		
# Stories:		
Shutters / Protective Glass:		
Alarm:		
Flood Zone:		
FORTIFIED: Y/N, B/S/G		
Swimming Pool: Y/N		
Property Updates	Year	Full/Partial
Roof		
Wiring		
Plumbing		
HVAC		
Requested Coverage Limits		
Dwelling:		RCV/ACV
Other Structures:		
Contents:		RCV/ACV
Additional Living Expense:		
Liability:		
Medical Payments:		
*AOP Deductible:		
Named Wind Deductible:		
*AOW Deductible:		
Flood:		
Ordinance or Law:		
* AOP = All Other Perils, *AOW = All Other Wind;		
**B/S/G = Bronze/Silver/Gold		

	Quote 1		Quote 2		Quote 3		Quote 4	
<b>Insurer:</b>								
Coverage	Limit	RCV?	Limit	RCV?	Limit	RCV?	Limit	RCV?
Dwelling:								
Other Structures:								
Contents								
Add. Living Exp:								
Liability:								
Medical Payments:								
*AOP Deductible								
Named Wind Ded								
*AOW Deductible								
Flood:								
Ordinance or Law:								
Annual Premium:								

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## Top 10 Questions To Ask About Your Homeowners Insurance

1. How much coverage did you quote on my house and does this include detached structures (garage, workshop, etc.)?
2. How much coverage is provided for my personal property (my stuff)?
3. Are my contents insured for replacement cost or actual cash value (ACV)
4. Is my house insured for replacement cost or actual cash value (ACV)
5. Do I have sewer and water coverage?
6. How much is my deductible in dollars? How about my wind deductible?
7. Do I have (or did you quote) a separate Wind/Hail policy?
8. Do I have coverage for Additional Living Expenses?
9. How much Ordinance and Law coverage do I have?
10. Do I have (or did you quote) a Flood Policy? What is my flood zone?  
\*Don't think you need Flood Insurance? Visit our Flood Insurance section (Page 20).



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