

# Frank Comiskey Agency, Inc. Newsletter

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### **FLOOD COVERAGE vs WINDSTORM COVERAGE**

It is important to note that flood damage and windstorm damage are not the same. Homeowners often erroneously think that their homeowners policy covers the damage to their home and personal contents caused by flooding.

This coverage is available as a separate policy written by insurance companies who participate in the Federal Governments' National Flood Insurance Program (NFIP).

A flood insurance policy covers losses caused by storm surge, wave wash, tidal waves, heavy rains or the overflow



## **BEFORE YOU BUILD**

### ***Inquire about Windstorm Insurance Inspection***

The Texas Windstorm Insurance Association is the state's insurer of last resort for wind and hail coverage in the 14 coastal counties and parts of Harris County. TWIA provides wind and hail coverage when insurance companies exclude it from homeowners insurance and other property policies sold to coastal residence.

If you are planning to build or renovate any structure in the counties listed below, you are advised to contact your insurance agent about the Windstorm Inspection Program in order to obtain or maintain windstorm and hail insurance through TWIA.

#### Coastal Counties and Areas Affected:

Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy, or in the following cities east of State Highway 146 in Harris County: La Porte, Morgan's Point, Pasadena, Seabrook, or Shore Acres.

While not required for all construction, the following projects typically do require an inspection for windstorm insurance purposes:

- New Structures
- Additions
- Alterations
- Re-Roofs
- Repairs

Windstorm insurance inspections under this program must be made by either a Texas Department of Insurance (TDI) inspector or an engineer who has been appointed by the Commissioner of Insurance. There is no fee for any inspection conducted by TDI.

Important: All inspections must be made during the construction phase - TDI inspectors are unable to inspect a property after construction is complete.

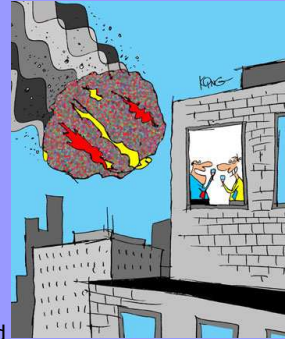
of any body of water over normally dry land areas. If you buy both home and contents coverage, most damage to walls, furnishings, and other personal property caused by mud or water rushing into your home will be covered by insurance. A flood insurance policy also covers the damaging effects caused by streams of water eroding the foundation of your home.

Windstorm insurance covers the perils of wind and any further damage caused as a result of wind damage. Facing higher wind losses, insurers have created sub-limits for wind coverage in Tier 1 regions. Tier 1 regions include coastal regions in Texas.

With Hurricane Katrina, a wide debate erupted as to whether wind or flooding was responsible for many losses. For this reason, it is important to have both adequate windstorm and flood coverage.

## How to Determine What Business Interruption Insurance Covers

We live in an uncertain world, weather that comes in the form of severe weather, a natural disaster or something more ominous, businesses today need to be prepared for the possibility that something may cause them to shut down for more than a few days. Since few businesses can afford to continue covering operating cost without any income revenue, it's a good idea to purchase business interruption insurance to defray some of the expense. First, a business needs to determine exactly what cost business interruption insurance covers.



- Business interruption insurance is designed to protect businesses when they have to close due to widespread disasters that cause great damage.
- Determine whether you live in a high-risk disaster area.
- Some business interruption insurance policies exclude certain types of disasters, such as earthquakes, flood and hurricane.
- Determine whether you will be covered if a supplier or customer is unable to fulfill a contractual obligation due to interruptions in their business. This clause is not automatically added to all policies.

Be sure you always keep detailed financial records. Business interruption insurance policies will cover the revenue that would have been generated if your business had been able to stay open, but the company uses past financial records to determine what that income loss would be.

Business interruption insurance is sometimes called earnings insurance, because what it covers is the revenue you would be earning if your business were open.

If you would like more information please give us a call at 713.785.4070 to speak with an agent.