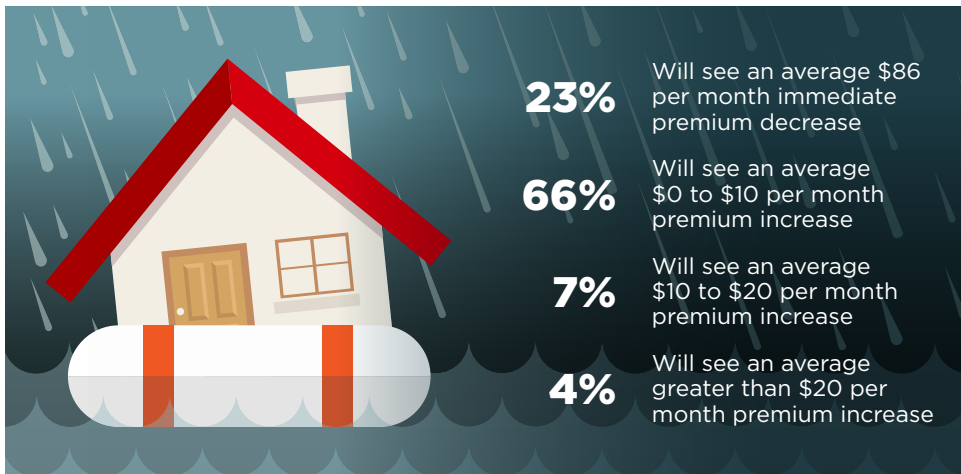




NEWSBLAST

Managing Your Risk

Flood Insurance Rate Changes Are Coming



THE WAY the National Flood Insurance Program sets premiums for coverage changed for the first time in 50 years recently. While most people who buy flood insurance will see small monthly increases, others will not.

The new rating system, which rerates all of the country's floodplains, took effect for new policies on Oct. 1, 2021, with renewals following on April 1. It affects everyone who buys flood insurance for their property.

The system aims to make flood insurance premiums fairer, with two-thirds of policyholders seeing monthly premium increases of up to \$10 a month. But some could be in store for much higher increases.

Fixing inequities

The Federal Emergency Management Agency (FEMA), which manages the National Flood Insurance Protection Plan, has changed the way properties are rated after it identified inequities in the old system that resulted in owners of low-value homes in flood plains paying more than their fair share. Conversely, it also found that those with higher-value homes in the same areas were paying less than their fair share.

The new pricing methodology, dubbed "Risk Rating 2.0 – Equity in Action," endeavors to measure flood risk by using more variables besides location and elevation. These include:

- How frequently floods occur in the building's area.
- The types of flooding to which the area may be prone (river overflow, storm surge, coastal erosion, heavy rainfall, heavy snow melt).
- The distance to a water source (ocean, river, lake, etc.).
- The cost to rebuild.

The results

Theoretically, a relatively small house a mile from a water source will have a smaller flood risk than a large house on the shore under Risk Rating 2.0.

Consequently, the new system should result in a higher flood insurance premium for the second house, even if the properties are in the same zone on the flood rate map.

Because of the geographic factors that influence the cost of flood insurance, some states are more likely to see the highest increases.

In fact, more than 10,000 policies each in Florida, Texas, Louisiana, New Jersey and New York will face the highest price rises.

Your premium change may vary considerably from these averages. FEMA [has published estimates at the state and ZIP code level](#) for those who want a more precise indication.

Everyone who has purchased or will purchase flood insurance will feel the effects of this change. If your property is next to a water source, you are likely to see your premiums go up for several years.

By law, flood insurance premiums may rise no more than 18% per year. The highest-risk properties may see several years of increases at that level. Large annual increases could impact property sale prices in some areas.

If your mortgage lender requires you to carry flood insurance, or if you want to carry it voluntarily, work with us to find out the potential cost and what alternatives may be available to you. ❖



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Auto Insurance

Car Safety Features That Can Reduce Your Premium

THE AUTO industry continues to roll out new and improved safety features to protect drivers in case of an accident.

The good news is that besides saving lives, if you purchase a car with these features, you may earn a discount on your insurance premium.

There are a number of safety features that may well net you a discount, but carmakers are always innovating. Here are the latest driver-assist technologies that car companies are including in their vehicles:

Adaptive cruise control (ACC) – This type of system is designed to help vehicles maintain a safe following distance and stay within the speed limit. It adjusts a car's speed automatically, so drivers don't have to.

ACC, which uses sensory technology such as cameras, lasers and radar equipment to detect how close other cars and objects are to the vehicle, is known by a number of different names, including:

- Active cruise control
- Dynamic cruise control
- Radar cruise control
- Automatic cruise control
- Intelligent cruise control

This tool can help reduce the likelihood and severity of rear-end collisions.

Automatic braking – These devices can predict impending crashes and help combat distracted driving.

The systems combine sensors such as radar, video, infrared or ultrasonic to scan for possible objects in front of the vehicle, and then use brake control to prevent a collision if the object is, in fact, detected.

Automatic brakes are often integrated with other technology, such as pre-collision systems and ACC.

Automatic braking systems can reduce the severity of high-speed collisions when drivers fail to pay attention to the vehicles in front of them.

Blind-spot monitoring – These systems are designed to help increase safety by alerting the driver to vehicles that may have escaped visibility in the side-view mirrors.

Blind-spot monitoring, or BSM, uses radar or ultrasonic sensors to detect nearby vehicles. When a passing vehicle approaches and potentially enters a blind spot on either side of the car, the system advises the driver of the vehicle's presence.

The system typically uses a visual indicator, an illuminated icon or flashing light in the side-view mirror, gauge cluster or head-up display.

This visual alert often accompanies an audible warning such as a beeping tone or a repeating chime.

Many carmakers offer vehicles with BSM. Depending on the maker, it may also be known as:

- Blind-spot warning,
- Blind-spot detection, or
- Blind-spot information system.

These devices can help reduce accidents on the highway and are particularly useful for changing lanes.

The takeaway

Keep the above features in mind if you're in the market for a new vehicle.

If you do purchase a vehicle with any of these features, make sure to tell us about it when you're purchasing your insurance coverage for the car. Most insurers will offer some sort of discount for these types of safety features. ♦

BLIND-SPOT MONITORING: *The system alerts the driver to vehicles that may have escaped visibility in the side-view mirrors.*

Homeowner's Insurance

Does Your Policy Cover Damage to Your Foundation?

IF YOU find signs that your house's foundation may be damaged, it's obviously disconcerting since it is the support structure for your entire home.

A damaged foundation can wreak havoc, putting your home off kilter – and making those repairs can be costly. You may think that your homeowner's insurance will cover repairs, but that's only true in certain circumstances.

Foundation damage can sneak up on you, so it's important that you know the warning signs, including:

- **Exterior cracks** – Large cracks on exterior wall, particularly ones that have zig-zag patterns, could be a sign of foundation damage. Cracks on brick exteriors should also be checked.
- **Interior cracks in sheetrock** – Like exterior wall cracks, if you see zig-zagging cracks in sheetrock walls, you should call a specialist to inspect the issue. Also look for cracks where the wall and ceiling meet, and if wallpaper is peeling off a wall.
- **Walls pulling away from the house** – If an exterior wall is pulling away from the house and yielding a widening crack, you should call a contractor to inspect the damage. This may be the result of foundation damage, and it also poses a greater danger should the wall fail and collapse.
- **Doors that are uneven or out of square** – If you have a door that is out of square with the frame and seems to be getting worse, it could be a sign there is something up with your foundation. And if you start noticing that your floor is uneven, you should also have the issue inspected.
- **Frames separating from brick** – If a window or door frame is pulling away from a brick wall, it's a clear sign you have foundation problems.

- **Bouncing floors** – If you start noticing that your floor has a bit of bounce to it, it could be a sign of rotting wood underneath, which could be the result of cracks in your foundation that are letting water seep through and damage the wood.
- **Cracks in tilework** – If you start noticing that tiles in your kitchen or bathroom are cracking and it's occurring in more than a few tiles, you may have foundation problems.

Insurance

Your homeowner's insurance would typically not cover damage to your foundation that was caused by failing to perform regular maintenance.

Also, foundation cracks that result from simple wear and tear and shifting ground over time would typically not be covered.

But damage to the foundation from a sudden event such as a fire, damage from severe weather or a tree limb falling would likely be covered. Some examples of coverage include:

- Water damage to your foundation caused by a pipe suddenly bursting or water backing up. This would be covered if you carry insurance that covers the type of water damage that affected your foundation.
- Falling trees or any other objects that damage the foundation.
- A covered structural collapse that cracks or separates your foundation.
- Gas explosions and fires.

Earthquakes would typically not be covered, however. There are endorsements or separate policies that cover quake damage. ❖



Homeowner's Insurance

Does Your Policy Cover Cyber-Bullying?

IT'S COMMONPLACE today to hear about bullying, particularly as the social network expands and permeates most of our lives. Young children and teens are bullied at school, and often even online on websites such as Facebook. Some of the bullying has tragically led to some of them committing suicide.

But what's been getting more attention of late is the trend of cyber-bullying, where acquaintances bad-mouth someone on Facebook, Snapchat or another social media app. This type of bullying has been attributed to at least two suicides in the past few years.

In one case, a 15-year-old girl was harassed mercilessly on Facebook by two students at her school. They posted unflattering pictures of her and disparaged her. Other kids joined in by posting comments on threads, some of them threatening to "kick her butt."

The incident swirled through the media to such a degree that the bully's father, upon learning about his daughter's behavior, apologized publicly.

The risk to you

The logical next step in the Facebook case is likely a lawsuit filed by the victim against the assailants and their families and, if they are homeowners, they would try to seek coverage for the lawsuit under their homeowner's policy.

But that would be difficult.

First, the personal liability and medical payments sections of homeowner's policies include coverage for bodily injury caused by an occurrence. In this case, the injury was obviously not physical.

Second, for the claim to be covered, it cannot be an intentional act, and it would be hard to argue that the bully did not intend to harass the victim and even egg on others who commented on the posts.

And the exclusions of most homeowner's policies include a section that voids coverage for bodily injury that is expected or intended from "an" insured – not "the" insured. Courts often have interpreted exclusions for acts of an insured to preclude coverage for any insured.

Third, if the parents of the teen bully are sued for the mental and physical injuries they inflicted, their homeowner's policy likely would not

be triggered for any family members because of the breadth of the "an insured" wording.

A victim's family may sue for a number of claims, including defamation, invasion of privacy, disclosure of private information, intentional infliction of emotional distress and negligent supervision. Again the "intentional conduct" exclusion would mostly preclude them. However, there is a gray area: negligent supervision.

Depending on the policy language and where the case is filed, a policy may cover negligent supervision. It could be argued that while the ultimate injury was caused by an intentional act, the conduct causing or leading up to that injury – the parents' negligent supervision – was not intentional and, therefore, the insurance policy should provide coverage for that cause of action.

But some courts have ruled that the negligent act cannot be separated from the intentional act, and hence both acts are excluded from coverage.

Meanwhile, some insurers are adding exclusions in the face of increased cyber-bullying. More insurers are also including new exclusions in their homeowner's and umbrella policies for electronic aggression. The exclusion precludes coverage for bodily injury, personal injury or property damage arising out of electronic aggression.

The American Association of Insurance Services has stated the reasons electronic aggression can now be included in exclusions:

- Bullying and harassment are conscious acts, hence any resulting damages are not accidental.
- Due to the fact that the trend is so recent, there is no loss history, making it difficult for insurance companies to price the coverage properly.
- Settlements in cyber-bullying claims are likely to be complicated and contingent upon future court decisions, which may widely differ depending on the case and the jurisdiction.

At this juncture, the likelihood is that your homeowner's insurance carrier would not cover cyber-bullying claims. ❖