

Windstorm Insurance — New Requirements

By Bob Garvin

Insurance is the thing you buy and hope never to look at again; all you need to worry about is the size of the premium. We have to have it for our cars, it's a comfort to have for possible medical bills (think of it as pre-paid medical bills,) and some smart big-time investors have bought it to protect against default by bond issuers (good luck!). We invest in Homeowners', and on the barrier islands in flood and windstorm insurance.

Following Hurricane Katrina, many commercial insurance companies stopped writing windstorm insurance for the very houses that could be at risk — Citizens Insurance Company was set up by the State as a last resort to provide such insurance. This year there's a new wrinkle. Citizens has announced that it will no longer renew existing policies when they lapse, but may write replacement policies after an "examination." The facts are not yet crystal-clear, but here's what is being talked about.

Any house whose replacement cost is \$750,000 or more (the house itself, excluding the value of the lot) will need to comply with either the 1994 Miami-Dade County code or the 2001 Florida Building Code and its 2004 update for windstorm protection in order to be eligible for a new policy. (Their requirements are roughly equivalent.) Windows, roof, skylights, and doors to the outside will have to comply, and will have to pass a "Uniform Mitigation Verification Inspection" by a qualified inspector. This may require impact-resistant glass, shutters, or other covers. Note that there is also a 2007 Florida Building Code in the review process.

Some of our newest homes comply. Some owners of older houses have already taken steps to add compliant windstorm protection. Some rich owners with no insurance requirement imposed by a mortgage have chosen to self-insure. Beginning January 1, 2010, the seller of a home insured by Citizens and valued at \$500,000 or more must disclose the structure's "windstorm mitigation rating" prior to closing. And at some point soon, if your house is worth \$750,000 or more and you want to get a building permit to do more than \$50,000 worth of renovation, you will also have to comply with the new requirements.

The Florida Financial Services Commission and "My Safe Florida Home Program" (www.mysafefloridahome.com) will administer this provision. Apparently the legislature gave them this authority. All of this appears to be the result of insurance industry pressure on the Florida legislature in the wake of natural catastrophes such as Hurricane Katrina.

Bob Garvin has met with a civil engineering consultant who is a certified inspector for windstorm mitigation, and is prepared to meet with us as a group to tell us what we ought to do. If you're interested, call Bob at 388-5544, and he'll organize such a briefing session.