

It's Baaaack - "Your Favorite Season!" Dealing With The Hangover From Super Storm Sandy

INSURANCE INSIGHTS

By Ken Furst and
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YONKERS—While this time of year brings an important holiday - Memorial Day - there is another day upon us that is cause for trepidation and bad memories.

On June 1, we welcome (more appropriately, dread) the coming of the 2013 Hurricane Season, which will run until November 1.

As this year's hurricane season is upon us, let's hope for quiet waters and calm winds, but be sure to heed the insurance consequences of Sandy and other recent storms, so that you are not surprised when the next storm hits.

All of the signs point to an above average season in the Atlantic for 2013. Colorado State University, a recognized authority, is predicting 18 named storms, nine hurricanes, and four major hurricanes for the 2013 Atlantic Hurricane Season.

Six months ago, on October 29, 2012, Hurricane San-

dy, later dubbed Super Storm Sandy, in diameter the largest Atlantic hurricane on record, brought unprecedented destruction to the tri-state region, in particular New York and New Jersey. Insurance Claims from the storm has been estimated at \$25 billion (Wall Street Journal, 1/3/13), or more. Only Hurricane Katrina in 2005 caused a greater loss of property.

In addition, 2012 was the 36th consecutive year that the global temperature was above average (NOAA); 9 out of the 10 warmest years on record have occurred in the last 13 years (NASA/NOAA); and the sea level around Manhattan is projected to rise 15 inches by 2050 and 3 feet by 2080 (NASA/GISS, 2006).

The Negative Effects

So, why should we care about hurricanes and these weather statistics and predictions? Because, unfortunately, whether you were a victim of Sandy's wrath or not, if you have, or are responsible for placing insurance, you've either experienced, or soon will experience, Sandy's effects on the insurance industry.

Insurance Information Institute figures confirm that during the last decade, hurricanes, floods, tornados, hail storms, etc. have accounted for over \$200 billion of insurance claims paid by insurance companies. These weather-related catastrophic losses, as they are known, are becoming increas-

ingly unpredictable with recent changes in weather patterns, and increasingly costly as property replacement costs continue to rise (note: Property Market Values have not necessarily risen over the last few years, but replacement costs have).

In addition to its contribution to recent premium increases, which most of us have experienced, Super Storm Sandy is also impacting on Property Insurance in other ways:

- New policy coverage limitations or exclusions (hurricane deductibles; higher deductibles for flood; and flood/sewer-drain/underground water exclusions) that result in higher, and unpredicted, out-of-pocket expenses;
- Tighter underwriting guidelines (certain carriers will no longer insure wood-frame or garden-style constructed habitational property; property within five miles of a coastal area; or property bordering on a high-risk flood zone);
- Required Increases (if warranted) to Building Limits (carriers want Insurance Limits to accurately reflect correct replacement costs, not only so you'll be properly insured, but also because it results in increased premiums for them.);
- Lenders are scrutinizing insurance coverage more closely than ever, and often requiring more insurance (such as flood insurance) to write or maintain loans

(while such insurance, or in amounts required by lenders, is more difficult and expensive to obtain.);

- FEMA is re-mapping flood zones, so property you or your lender thought was not in a high-risk flood zone, may now, or soon be, possibly necessitating new flood insurance or higher limits on existing flood insurance;
- The National Flood Insurance Program, extended until 2017 under the Biggert-Waters Act, will increase costs and deductibles for most policy holders (more on this in a future article).

Recommendations As A Result of Super Storm Sandy

1. Be prepared and have contingency plans for a catastrophic loss, and a potential long claim settlement pe-

2. Know your property insurance policy's coverages, terms, and exclusions, in particular as they relate to wind, all types of water (flood, sewer/drain back-up, underground water-mains), co-insurance, utility failure, and your Building and Business Income Limits, because, if they haven't already, they may be changing soon;

3. When it's time to do repairs to your property after the next storm, take the time to find a properly insured contractor, who can provide the proper risk-transfer documentation, including certificates and the written agreement to name you additional insured, as well as an indemnification/hold-harmless in your favor. You don't want to compound your insurance woes by dealing with a Labor Law 240/241 claim resulting from an injured contractor employee.

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riod (if your property suffered a loss, and your claim settlement process was agonizingly slow, you were not alone. The system, particularly the availability of claim-handling staff and field adjusters, was simply overwhelmed. This situation may not improve for the next storm, since it's not economically practical for carriers to maintain substantial excess claim-handling capacity – so, be prepared.)

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Editor's Note: Levitt-Furst Associates Ltd. is the Insurance Manager for The Building and Realty Institute of Westchester and the Mid-Hudson Region (BRI). The firm is based in Yonkers.

Con Ed Officials to Speak at BRI's June Membership Meeting

By Jeff Hanley, *IMPACT*
Editor

WHITE PLAINS – Representatives of Con Edison will compose a panel that will address issues affecting the building, realty and construction industry at the Jun. 13 General Membership Meeting of The Building and Realty Institute (BRI).

The meeting, scheduled for a 6:30 p.m. start, will be at The Crowne Plaza Hotel in White Plains.

"We are happy to have officials from Con Edison appear at our next membership meeting and present their views on issues affecting our membership," said Michael Beldotti, president of the BRI. "Our

members have a series of concerns on several issues related to Con Ed, so the scheduling of this meeting is definitely a productive thing."

Beldotti added that the conference is the result of consistent talks between Con Edison and the BRI on a series of topics affecting the building, realty and construction industry. The discussions have been held since late last year. A BRI Sub-Committee has worked with Mark Drexel, Department Manager of Engineering and Planning/Central Support Operations, of Con Edison on the issues and in scheduling the Jun. 13 meeting.

"We are urging our members to attend this conference,"

said Albert Annunziata, executive director of the BRI. "It will allow our members the opportunity to voice their feelings to Con Edison on the issues that they are concerned with. We strongly suggest that our members attend this meeting."

Annunziata said that full details on the event will soon be sent to the BRI membership. He added that advance reservations can be made by calling the BRI offices at (914) 273-0730.

The BRI is a building, realty and construction industry membership organization. The association has more than 1,500 members in 14 counties of New York State. Formed in 1946, the BRI is based in Armonk.



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