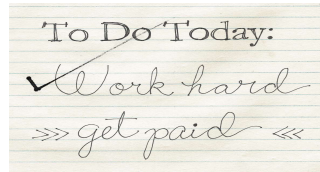


The S.T.O.R.M. – Coverage Concerns for Serious Storm Events

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Course Description

The big storm passes but leaves another in its wake. This course focuses on the storm after the storm. Specifically, commercial property coverage – or lack thereof - resulting from Spoilage, Trees, Outages, Removal (of debris), and Money.

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SHAMLESS PLUG

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ONE: Spoilage

LEARNING TO WRITE THE LETTER S

Ss

Commercial Lines
concerns:

- Spoilage of “perishable stock”



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Commercial Lines – summary

Due to the **anti-concurrent causation language**, damage to property caused by utility interruption – a common cause of spoilage - is excluded even if the interruption results from a Covered Cause of Loss. Policies also exclude maintenance issues and mechanical breakdown.



As a side note, the author of this course would happily drink this stuff warm.

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Commercial lines issues/policy language

Issues:

- Commercial property policies exclude mechanical breakdown and loss of power (discussed later)
- Can use endorsement CP 04 40 – Spoilage Coverage

Highlights of endorsement:

- Defines “perishable stock”
- Coverage triggered by (1) Breakdown or **Contamination**, or (2) Power Outage
- Can change valuation to **Selling Price**

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Personal Lines

Issues:

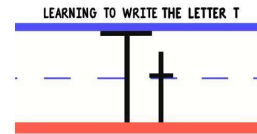
- Personal lines policies exclude maintenance issues, mechanical breakdown and loss of power
- Can use endorsement HO 04 98 – Refrigerated Property Coverage

Highlights of endorsement:

- Defines “loss of power”
- Coverage triggered by complete or partial interruption of electric power
- May be subject to separate deductible

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TWO: Trees



Commercial Lines concerns:

- Coverage (or lack thereof) for the expense to remove fallen trees
- Coverage (or lack thereof) for damaged trees



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Commercial Lines - summary

The policy limits coverage for the cost to remove storm-damaged trees from the premises. The *Additional Coverage – Debris Removal* does not apply as trees are not Covered Property. **Very limited** giveback for damage to Outdoor Property which includes damaged tree removal. May be increased by endorsement.

It's important to advise insured that this limitation applies only to the cost to remove trees from the premises. Example – if the storm pushes a tree onto the roof, the cost to remove the tree from the roof and lay it on the ground is part of the roof's repair cost.



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Commercial lines issues/policy language (tree removal):

Issues:

- Definition of **Property Not Covered**

2. Property Not Covered

Covered Property does not include:

- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

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Commercial lines issues/policy language (tree removal, cont.):

Issues:

- Coverage does NOT include removal of **Property Not Covered** (except for that available in the **Coverage Extension**)

4. Additional Coverages

a. Debris Removal



- (2) **Debris Removal does not apply to costs to:**



- (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

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Commercial lines issues/policy language (tree removal/coverage for damaged trees):

Issues:

- Limited Coverage Extension for trees, shrubs, plants – **includes debris removal expense**
- Expand coverage with CP 14 30 – Outdoor Trees, Shrubs and Plants

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than ~~trees, shrubs~~ or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

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Personal lines issues/policy language (tree removal):

Issues:

- **Limited** Perils Insured Against
- Removal from the "residence premises"
- Limit available to cover removal cost

E. Additional Coverages

1. Debris Removal

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage C; provided the trees:
- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
 - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

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Personal lines issues/policy language (tree removal, cont.):

Issues:

- Limit restricted on a per-tree basis

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

In the 2022 form the sub-limits are increased to \$3k and \$1,500 respectively

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Personal lines issues/policy language (coverage for the damaged trees):

Issues:

- **Limited Perils Insured Against**
- Limit available
- 2022 form increases sub-limit to \$1,500

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

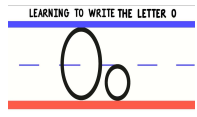
- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

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THREE: Outages



Commercial Lines concerns:

- Damaged property due to prolonged loss of utility
- Loss of business income

(The graphic references "home" but could be applied to commercial structures as well)

DAMAGE TO YOUR HOME'S SERVICE CONNECTION

Steps to restore power if your home's service connection is damaged.

- 1 Know what you need to repair**
 - Homeowner's own and are responsible for electrical equipment attached to the house (service stack, attachment hardware, riser and meter box) and the pole with an attached meter box for mobile or manufactured homes.
 - Gulf Power is responsible for the wire or service line to the house and the electric meter.
 - If the homeowner's equipment is damaged, repairs will be needed before Gulf Power can connect service.
- 2 Seek a licensed electrician**
 - Do not hire an unlicensed electrician. It could create safety hazards and possibly delay your power from being connected.
- 3 Do not attempt to fix the damage yourself**
 - It could create safety hazards and possibly delay your power from being connected.
- 4 Make sure repairs pass required county inspections***
 - *Check with your county for inspection requirements related to Hurricane Michael.
- 5 Notify Gulf Power at 1-800-225-6797 when you are able to receive power.**
 - Ensure all of the steps above are complete and you are safely able to receive power.

Gulf Power

Commercial Lines – summary

Damage caused by power failure is not covered. **Applicable policy language was reviewed in "S" – spoilage.** Something to keep in mind: the utility company can only restore power to the insured's home if all necessary electrical components are functioning...

DAMAGE TO YOUR HOME'S SERVICE CONNECTION

Steps to restore power if your home's service connection is damaged.

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Gulf Power

Commercial Lines – summary, cont.

...Repair of some electrical components may be the responsibility of the insured. Advise insured to contact their utility provider for information on which, if any, components of the home's electrical system the insured must have repaired in order to restore power in a timely manner.

DAMAGE TO YOUR HOME'S SERVICE CONNECTION

Steps to restore power if your home's service connection is damaged.

- 1 Know what you need to repair.**
 - Homeowner's own and are responsible for electrical equipment attached to the house (service stack, attachment hardware, riser and meter hood) and the pole with an attached meter box for mobile or manufactured homes.
 - Gulf Power is responsible for the wire or service line to the house and the electric meter.
 - If the homeowner's equipment is damaged, repairs will be needed before Gulf Power can connect service.
- 2 Seek a licensed electrician.**
 - Do not hire an unlicensed electrician. It could create safety hazards and possibly delay your power from being connected.
- 3 Do not attempt to fix the damage yourself.**
 - It could create safety hazards and possibly delay your power from being connected.
- 4 Make sure repairs pass required county inspections.***
 - *Check with your county for inspection requirements related to Hurricane Michael.
- 5 Notify Gulf Power at 1-800-225-0787 when you are able to receive power.**
 - Ensure all of the steps above are complete and you are safely able to receive power.

Gulf Power

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Commercial lines issues/policy language

Issues:

- Anti-concurrent causation exclusion

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

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Commercial lines issues/policy language, cont.

Issues:

- Anti-concurrent causation exclusion, cont.
- Expand coverage with CP 04 17 – Utility Services Direct Damage and/or CP 15 45 – **Utility Services - Time Element**

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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Personal lines issues/policy language

Issues:

- Anti-concurrent causation exclusion

SECTION I – EXCLUSIONS

- A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

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FOUR: Removal (of debris)

LEARNING TO WRITE THE LETTER R



Commercial Lines concerns:

- Cost of removal of debris from wind damage (trees discussed previously)



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Commercial Lines - summary

Removal of trees discussed previously.

The keys to this coverage:
1) debris must be *Covered Property*, 2) must be created by a *Covered Cause Of Loss*, and 3) coverage is subject to policy formula and Additional Coverage amount.



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Commercial Lines issues/policy language

Issues:

- Removal of trees discussed previously
- “Covered Property” from Covered Cause of Loss
- Formula to determine amount available **PLUS Additional Coverage up to \$25,000**. Increase with CP 04 15 – Debris Removal Additional Insurance

4. Additional Coverages

a. Debris Removal

- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

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Personal Lines issues/policy language

Issues:

- Removal of trees discussed previously
- “Covered property” from Peril Insured Against
- Amount available to cover cost

E. Additional Coverages

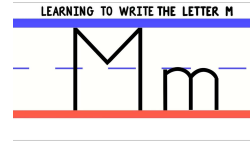
1. Debris Removal

- a. We will pay your reasonable expense for the removal of:
 - (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
 - (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

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FIVE: Money



Commercial Lines concerns:

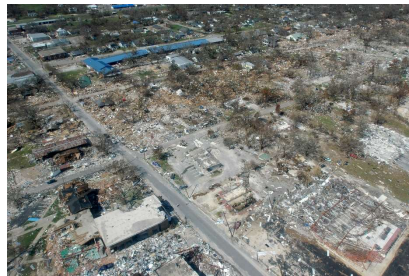
- Coverage for additional expenses and loss of business income resulting from storm damage



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Commercial Lines – summary

Should storm damage displace the insured or cause a reduction or suspension of operations, the insured must look to Time Element coverage. Such coverage must be triggered by a *Covered Cause Of Loss*. Endorsement to cover loss due to utility interruption discussed previously.



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Commercial Lines – summary, cont.

Should the insured not suffer storm damage but lose access to the business's premises due to an act of civil authority – such as an evacuation order – and the lack of access creates a loss of income, the insured may have coverage (subject to the policy's 72-hour waiting period) for up to four weeks provided:

- 1) The act of civil authority resulted from a Covered Cause Of Loss
- 2) The loss caused damage to property at another premises
- 3) The insured's premises is within close proximity (example: one mile of that damaged property)



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Commercial Lines issues/policy language

Issues:

- Need Time Element coverage
- Triggered by Covered Cause of Loss and subject to **time deductible** (no time deductible for Extra Expense)
- Utility Services discussed previously
- Civil Authority (evacuation). Four weeks. Requires direct damage within one-mile of described premises

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

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Commercial Lines issues/policy language, cont.

Issues:

- Civil Authority, cont.

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

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Personal Lines issues/policy language

Issues:

- “not fit to live in”
- “Increase” in living expenses
- Civil Authority (evacuation). Two weeks. Requires direct damage to “neighboring premises” from peril insured against

D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

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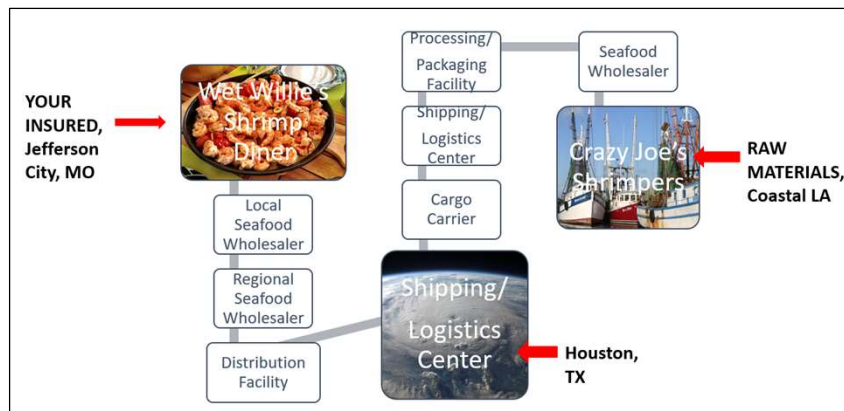
Commercial Lines – “Money” – one more thing...

1. Many businesses are unaware of the components of its supply-chain
2. Some insurance professionals incorrectly assume that supply-chain losses are only insurable through complicated, niche policies like ocean marine, cargo, stock throughput, etc.



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Identifying an insured's supply-chain – a graphic. This chain goes “down”



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Identifying an insured's supply-chain – a graphic. This chain goes “up”



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Dependent Properties

The dependent properties coverage may be modified to include coverage to non-named dependent property locations, thus creating coverage for broader interruptions of the insured's supply-chain. For example, ISO endorsement Business Income From Dependent Properties – Broad Form – CP 15 08 allows for the coverage to be broadened to secondary locations not named.

POLICY NUMBER: COMMERCIAL PROPERTY CP 15 08 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM

This endorsement modifies insurance provided under the following:
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

SCHEDULE

Name And Describe Occupancy And Location	
Contributing Locations:	
Secondary Contributing Locations (Not Named):	<input type="checkbox"/>
Recipient Locations:	

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Where are the dependent properties located?

- 1) An unmodified ISO property policy will contain a coverage territory and only address losses occurring within its boundaries
- 2) It may be possible to endorse the policy to cover losses to dependent properties on a worldwide basis. For example, ISO endorsement Business Income From Dependent Properties Limited International Coverage – CP 15 01.

POLICY NUMBER: _____ COMMERCIAL PROPERTY
CP 15 01 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**BUSINESS INCOME FROM DEPENDENT PROPERTIES
LIMITED INTERNATIONAL COVERAGE**

This endorsement modifies insurance provided under the following:
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

SCHEDULE

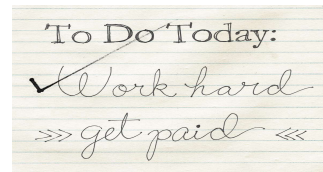
Name And Describe Occupancy And Location	Limit Of Insurance
Contributing Locations:	\$
Secondary Contributing Locations (Not Named): <input type="checkbox"/>	

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