



# Confident, Carefree & Covered

By Scarsdale's Premier Insurance Agency

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We take our role as Scarsdale's Premier Insurance Agency very seriously. We take great pride in educating our clients, answering their questions, and providing great coverage so they can live their lives Confident, Carefree & Covered. We are here for you, your family, and your friends so if you have any questions regarding your homeowner's insurance, your automobile insurance, excess liability insurance, or insurance for your business we hope you won't hesitate to



# Crisis with Florida: Will 2022 Bring The Collapse of Florida's Homeowners Insurance Market?

*Important insurance information for homeowners in the Sunshine Hurricane state.*



Homeowners insurance in Florida has always been a bit of a calamity. There is a long history of dwindling homeowners' insurance availability in the Sunshine State, and we'd like to take some time to offer some information as to what and why there is trouble in the insurance world in the state of Florida.

## **The Rising Costs Of Insurance In Florida**

It's no secret that insurance in Florida is expensive, and options are limited. Unfortunately, buyers are often shocked by the lack of options. Condos, co-ops, and houses must be windstorm compliant in order to qualify. Many homeowners wind-up purchasing insurance coverage with Citizens (known as the company of last resort), or Florida-based start-up companies that are not rated by A.M. Best. These companies do not have well-established claims practices, as many are new and have only been in business for 10 years or less. As of the time, we wrote this article, 27 Florida-based property insurance companies are being downgraded by Demotech

### **Advocate Tip**

*If you are lucky enough to have insurance with a standard insurer, like Chubb;*

*Pure; Berkley One; Cincinnati; or AIG Private Client Group hold onto that policy tightly. Underwriting guidelines are rigid, with preference given to homeowners who own multiple homes giving the companies a better spread of risk.*

### **Florida's Stormy History**

No state has suffered from storms more than Florida. According to the Insurance Institute, After Hurricane Andrew struck Florida in 1992, 16 insurers filed for bankruptcy as claims swamped insurers. After huge losses from hurricanes that struck in back-to-back years, 2004 and 2005, State Farm, the largest insurer in Florida, announced it would stop selling property insurance in Florida. Other major carriers such as Allstate and Travelers quickly followed their lead. Hurricane Irma in 2017 and Hurricane Michael in 2018 generated about \$30 billion of claims combined.

### **The Homeowners Insurance Crisis in Florida**

This history has greatly contributed to the current insurance crisis occurring in the state. Additionally, there is a limited amount of coverage available. Virtually every Florida homeowner, regardless of their personal loss history, is experiencing double-digit percentage increases upon renewal of their policy. Insurers are set to cancel more than 68,000 policies in the State of Florida this year alone. Standard insurance carriers offering coverage in the state of Florida, which are few and far between, are fleeing the state leaving few choices for the homeowner. The carriers that will extend coverage to Florida homeowners reserve their capacity for only the cleanest accounts.

In fact, since the beginning of this year, 4 insurance companies in Florida have filed for bankruptcy, making a total of 9 companies in liquidation. Most standard insurers have pulled their business from the state of Florida. In their place, there is a multitude of small local insurers that do not have any financial rating with A.M. Best. There is a secondary insurance market of non-admitted insurance carriers that are not backed by the Florida Insurance guaranty, that offer the costliest insurance solutions.

State-licensed Florida insurers are backed up to \$300,000 by the Florida Insurance Guaranty Association (FIGA). However, insolvency can lead to LONG delays in the claims process and resolution can take years. To make matters worse, Excess and Surplus line carriers like Lloyds, and Lexington are not backed by FIGA.

### **Real Estate Is Booming But Homeowners Insurance Rates In Florida Are Shocking**

The insurance industry has been turned on its head by the real estate buying spree spurred by the pandemic. Buyers have been flocking to coastal areas (Miami Beach, Boca Raton, Del Ray on the East coast, and Naples on the Gulf coast), are at the top of the list of desirable locations. While a booming real estate market may seem like good news, the condition of the property insurance industry in the state is troublesome. Those who have recently moved to Florida are facing major sticker shock with premiums much higher than expected. In fact, Florida is the most expensive state in the United States for home insurance.

Longtime homeowners are also feeling the pinch. Many are facing double-digit rate increases and policies that cannot be renewed.

*The average homeowner's insurance rate increase for current homeowners in Florida is a whopping 21% compared with 4% in other parts of the country.*

### **Other Factors Contributing To The Rising Rates**

Florida, the ~~Sunshine~~ Hurricane State will always be prone to natural disasters, but that is only part of the problem. The state is also dealing with roofing scams, out-of-control litigation costs, and the rising cost of re-insurance.

### **Fraud**

The biggest issue the insurance carriers are facing right now is insurance fraud. The fraudulent claims are driven by roofing scams. The scam begins when roofers canvas a neighborhood after a storm and find damage. They make lofty promises to homeowners such as free roofs because they will be able to get the homeowner's insurance deductible waived. Homeowners feel the pressure and sign an Assignment Of Benefits form so that the contractor can file the claim on their behalf. Once the claims process has been started, an insurance adjuster sent by the insurance company comes to the home and finds minimal (or no) damage and proposes to pay out less than the claim. The contractor then sues the insurance company.

### **Litigation**

The roofing scam we detailed above, has led to out-of-control lawsuits against insurance companies. When faced with a fraudulent claim the insurance company is faced with a difficult choice, they can either pay the legal fees to fight the lawsuit or settle out of court. It is such a problem that Florida lawmakers held a special session and put legislation in place to help provide some relief but much of the bill is still tied up in court.

*Florida makes up only 8% of the country's homeowners claims but accounts for 79% of litigations.*

### **Re-insurance**

In addition to any catastrophes that are yet to occur, Florida has experienced enormous increases in the cost of re-insurance. Re-insurance is insurance for insurers to help pay out damages after a storm. It is a way for the insurance company to insulate itself from the risk of a major weather event. The increase in the cost of re-insurance is happening nationwide, but more so in Florida.

The bottom line is that we will obsess about your insurance coverage. We strive each day to ensure that we are offering the best possible insurance coverage for your individual needs.

There is a silver lining, although we make no promises, once you have secured insurance, the State of Florida makes it difficult for insurers to cancel you.

We believe in educating each client we serve. By providing knowledge, you are better able to make informed decisions. That is why we provide articles to help you better understand what is happening throughout the insurance market and are always here to answer any questions you may have. We truly have your best interests at heart, after all, for all of us here at Advocate Insurance, *it is about more than insurance, it's about you!*

Want to learn more? Take a look at the articles below:

<https://www.wsj.com/articles/insurance-costs-threaten-florida-real-estate-boom-11619343002>

<https://www.tampabay.com/news/florida-politics/2022/05/17/when-floridas-property-insurers-fail-few-ask-why/>

<https://www.bankrate.com/insurance/homeowners-insurance/florida-homeowners-insurance-crisis/>

<https://www.news-journalonline.com/story/opinion/columns/2022/04/20/floridas-windstorm-insurance-surge-hits-florida-homeowners-mark-lane/7353671001/>

<https://www.nytimes.com/2022/02/04/business/retirement-climate-change-homeowners-insurance.html?referringSource=articleShare>

<https://www.nytimes.com/2021/07/17/us/miami-building-collapse-condo-surfside.html?referringSource=articleShare>

<https://www.wftv.com/news/local/floridas-homeowners-insurance-market-continues-spiral-with-nine-companies-liquidation/TRICSFERJZD3FAJEDKEOIMWK6I/>

Read More - You can find the full blog on our website  
here



**Risk Management in the Hospitality Industry.**  
*Tips to help your hospitality-based business to run smoothly.*



While every business owner faces a certain number of risks, the hospitality industry seems to face a fairly large amount. The key to keeping your hospitality-based business running smoothly is taking some initiative to managing these risks. At Advocate Brokerage, we specialize in assisting business owners in the hospitality industry and have put together this blog that outlines some of the major risks and offer some tips on how to limit your exposure.

### ***The Possibility Of Fire Presents A Significant Property Risk***

Businesses in the hospitality industry face a large level of property risk. There are multiple ignition sources in hotels and restaurants. Not to mention the fact that much of the contents are highly combustible. To reduce this risk, ensure that all smoke and fire alarm systems are functioning and meet National Fire Prevention Association (NFPA) requirements.

#### ***Advocate Tip***

*Be sure your coverage includes a replacement cost valuation and make sure the coverage limits are regularly reviewed for adequacy. If your building and contents are damaged, a policy that is lacking adequate coverage faces a catastrophic loss. With enough coverage and replacement cost valuation, you should be able to rebuild and replace the building and contents.*

### ***Slips, Trips And Falls Increase On Premises Injury Risk***

The risk of injury on premises is very high in the hospitality industry. Due to the high number of guests that go through your doors each day, it is essential to minimize this exposure by taking certain precautions.

#### ***Advocate Tips***

*It is essential to implement safety codes in hazardous areas such as stairways, elevators, railings, and floor coverings.*

*Make sure that all exits are clearly marked.*

*Be sure to have back up lighting systems in place in the event of power outages.*

### ***Serving Liquor Increases The Risk Of Liability***

Many businesses within the hospitality industry sell alcohol. You could be held liable if someone becomes overly intoxicated and gets into an altercation or is involved in car accident while behind the wheel upon leaving your establishment.

#### ***Advocate Tip***

*Employees who are serving alcohol should be trained to know when a customer has consumed too much and know what to do to prevent excessive drinking. If you sell or service alcohol, Liquor Liability coverage should be part of your insurance portfolio.*

### ***When You Provide Valet or Shuttle Service, Liability Risks Are Also High***

If your hotel or restaurant has a valet service, you increase your exposure to automotive liability. The risk becomes even higher if you offer transportation services to and from airports or other venues.

#### ***Advocate Tips***

*To lower the risk of Automotive Liability, restrict driving to qualified employees.*

*If you are hiring for a position that includes these types of responsibilities, be sure to review their Motor Vehicle Records as part of the interview process.*

*When outsourcing automotive services, be sure to transfer the risk to the independent contractor providing the services for you in a written contract.*

### ***The Use Of Credit Cards Means You Must Take Care To Provide Data Privacy***

With most consumers using credit cards to pay for hospitality related products or services, the risk of exposure is very high. Whether it is a customer paying with a credit card, maintaining a database that includes personal information for a loyalty club, or booking a reservation with a credit card number, there are many opportunities for a data breach to occur.

#### ***Advocate Tips***

*Lower your risk by staying on top of security protocols and updating your systems frequently.*

*Be consistent with employee training so they are aware of current scams and can help detect fraudulent credit card use.*

*Talk to us about Cyber Liability or Data Breach coverage.*

### ***Take A Proactive Approach To The Threat Of Legionella Disease***

Occurring naturally in the environment, legionella can sometimes be found in portable water systems. It can also enter a plumbing system during construction or repair. Additionally, any mist that is produced by legionella-contaminated water or ice can be aspirated into the lungs by susceptible individuals. In the hospitality industry, shower heads, decorative fountains, spas, faucet aerators and cooling towers all become a source for potential exposure.

#### ***Advocate Tip***

*Consult with indoor air quality professionals to develop best practices and procedures that help to control the presence of Legionella and protect the health of your guests.*

**Advocate Brokerage** has extensive experience and knowledge of the hospitality industry and thus understand the type of risks unique to hotels and other hospitality-related businesses. We would love the opportunity to review your current coverage and find out if there are potential gaps in the coverage you already have in place. If you would like a review of your insurance or if you have any about your current coverage, please don't hesitate to give us a call. Glenn Bindow, Principal of Commercial Insurance would be happy to speak with you. He can be reached at 914-713-8112.

Read More - You can find the full blog on our website  
here



## Preparing for Adulthood!

*Important information for parents of teens 18 and older.*



Once your child turns 18, in the eyes of the law they are legally an adult and in charge of their own life. The specifics of what that really means can sometimes take you by surprise and since we like educating each client we serve, we thought we would put together some information to help you prepare your teens for Adulthood.

There are a few pieces of legal documentation that you need to have in place so that you can have some peace of mind in the event of an emergency.

## **First up: The Medical Forms**

### **Health Care Proxy/Medical Power Of Attorney**

*Medically speaking health care providers are no longer authorized to give parents details about the specifics of your 18+ child's care unless you have the proper documentation in place.*

One of the first items you need to discuss with your teen is getting some paperwork in place so you are designated as their **Medical Power Of Attorney** or **Health Care Proxy**. A Health Care Proxy or Medical Power Of Attorney is a legal document that allows you to make informed medical decisions on your child's behalf if they should become medically incapacitated. If you don't have a healthcare power of attorney in place, it is the doctors that will be the ones who will make decisions about care.

#### **Important notes about a Health Care Proxy Form:**

- Be sure to have your child fill out the form with you. As you fill out the form, let them know that they can give you as much or as little authorization as they feel comfortable with.
- If your child is going away to school in another state, you will need to fill out the form in both states to avoid any possible complications.

### **HIPAA Release**

Another important document to get ready before your child heads off to college is a **HIPAA Release**. HIPAA stands for the Health Insurance Portability and Accountability Act and it allows for health care providers to share medical information to specific designated people (parents, family members, or friends). If you have a signed HIPAA Release on file, it is like having a permission slip. Your child's healthcare providers will know that it is OK to share information with you.

It is important to get this documentation ready now, before any medical emergency occurs. If your child is involved in an accident while they are away at school, you will not be able to find out any details over the phone **UNLESS** you have a HIPAA Release on file.

*Remind your teen that the HIPAA release does not have to include everything. Your child can dictate what information they want released to you so make the time to sit down and have the conversation now, before they go away so that in the event of an emergency you can have peace of mind.*

## **Second on the list: The legal documents**

### **General Power of Attorney**

While the Health Care Proxy (Medical Power Of Attorney) will allow you to step in and help when it comes to health care related choices, if you are going to make financial transactions on behalf of your child, you may need to put another important document in place, a power of attorney. A **General Power Of Attorney** will allow your child to give authority to another person when it comes to financial and legal decisions. It is a good idea to have a conversation about signing General Power Of Attorney for your teen if you feel they will need you to make financial or legal decisions on their behalf. With this document in place, you will be

able to: manage bank accounts, file taxes, sign or break a lease.

## Next Up: Let's talk about auto insurance for college students

### Auto Insurance

Another thing you should take some time to evaluate is their car insurance coverage. When it comes to car insurance for a child who is in college, the first thing to do is check the school's policy on students having cars on campus as a freshman as many schools limit the number of drivers on campus. Once you are familiar with the school's policies you can make your final decision as to if they will be taking their car with them to school or leaving it at home.

If your child **WILL BE LIVING ON CAMPUS WITH THEIR CAR**, be sure you let us know. There are a few circumstances where amending the garaging address of the car could mean a lower premium. For example, if your family currently lives in an urban area with high insurance rates and your child is going to school in a rural area in the same state, there may be a benefit to amending the garaging address because the insurance will be less expensive. For example, if you live in Westchester and your child is attending Cornell in Ithaca, it is less expensive to utilize their new address.

If they **WILL HEAD TO SCHOOL WITHOUT A CAR**, there may be adjustments that can be made to your insurance policy that will lower the premium. While you cannot remove them from your policy, they are still a member of your household even if they are no longer living under your roof while away at school. Your insurance carrier will require them to continue to be listed on your auto policy, but there is a special classification which lowers the premium for students over 100 miles away at school without a car. So, it's important to call us so we can discuss your child's specific situation.

### ***Money saving tip from your insurance advocate:***

*Some carriers offer discounts if students maintain a specific GPA while attending school up to a specific age, typically 21 or 25. The grades required and the amount of the discount will vary by carrier so please get in touch with us to find out the specifics for your family.*

For parents of recent High School Graduates, **Congratulations!** We hope this blog offered some valuable information to help you through this exciting time in your child's life!! Our goal is to offer some peace and help you avoid making a stressful situation worse.

You can find the full blog on our website  
here



## Property & Casualty Insurance 101



As specialists in the world of Property & Casualty Insurance, we thought it might be helpful to share some information for those who are just starting their journey into independence. Below you will find a guide to the types of insurance that should consider when you are starting this new adventure called Adulthood.

***Welcome!***

### **Auto Insurance**

If you have a car, you likely have some experience with Auto Insurance. Our goal is to help you understand your coverage better so, keep reading! There are two main parts to your car insurance policy and we want to take a moment to discuss each one. Personal auto insurance is a policy that provides coverage for liability and physical damage coverage.

**Liability** coverage is what pays the damages if you are at fault for an auto accident and another person is injured or has damage done to their car or other property. Liability coverage is required (at a specified minimum amount) by nearly every state in the United States of America. While some will only purchase a policy with the minimum amount required by law, it is often not enough coverage to take care of the damages in the event of a serious accident. In addition, some states are much more litigious than other states, and in those states the pay-outs can be extremely high.

**Physical Damage Coverage** is often referred to as comprehensive and collision.

It covers the cost to repair your own car in the event of an accident. You choose the deductible, and that is the amount you are self-insuring (meaning it is what you are willing to pay out of your own pocket in the event of an accident). Keep in mind that the higher the deductible, the lower the cost of the monthly premium. There are many good reasons to take a high deductible; specifically, each and every accident you report comes with a cost and dings your record. When you take a \$1,000 deductible it keeps you from putting in small losses. We especially discourage putting in claims when there is no other party involved.

If you have a newer vehicle, it is a good idea to consider an Agreed Value policy. A policy with Agreed Value means that the value of your car is determined before a loss and in the event of an accident; you are guaranteed a check for that amount without depreciation during the policy year.

### **Auto Accident Tip From Your Insurance Advocate**

*When involved in an accident, if safe, take photos of the scene, the exact spots where the cars hit, the license plate of the other car, and snap a photo of the other driver's license and insurance card. Ask for a phone number for the other vehicle's owner. If there are ANY witnesses that were not passengers in either car, get their name and phone number for an insurance statement. A witness can make a huge difference determining fault.*

### **Home Insurance**

Whether you have been living as a dependent of your parents or always had a partner handle your insurance (at home, in a college dorm or in a rental apartment), when you are heading out on your own, you should consider purchasing a homeowner's policy in order to protect your possessions. There are a couple of different types depending on if you are renting or buying a home.

**Renters Insurance** is something you will need to purchase if you are renting an apartment or house after graduation. Renters Insurance will cover your personal belongings in the event of a fire, burglary or other weather-related emergency. Obtaining renters insurance means that if there is a burst pipe that destroys your property, or you suffer a burglary, your insurance will cover the cost to replace your damaged contents, assuming the claim is over your chosen deductible.

Renters insurance also provides some Loss of Use coverage which means that if you need to live elsewhere after a covered loss, your insurance will pay for it.

### **Renters Insurance Tip**

*It is a good idea to create an inventory of all of the items you own and the approximate value of each item. This will help in two ways; one it will help you determine the amount of coverage you need; and two it will help should you need to file a claim after a loss. If this is unrealistic, take a video with your smart phone of the inside of your home, open the drawers, cabinets, and closets, and film everything so that you have a permanent record.*

**Homeowners Insurance** is a form of property insurance that covers damage to your home and possessions as well as offering liability coverage for any injuries or property damage you cause to other people. Like renters' insurance, this coverage offers coverage for personal belongings damaged in the event of a fire, theft and some weather related emergencies, as well as providing protection for

damages that happen to your home or property. When it comes to purchasing your first home, you will want to seek out the advice of an insurance specialist that can help you understand the risks you face and provide customized coverage that protects your assets.

**Liability Insurance** offers you protection in the event that you cause damage to someone else's property, or someone is injured, and you are responsible for the damages. While both your auto insurance and your renter's insurance will offer some degree of liability coverage, the amount may not be enough. We can help you to determine appropriate coverage limits based on your risk factors.

We love building relationships with our Advocate Brokerage families. If you have adult children that are moving on to a new phase of life, now is a good time to have a conversation with us so that we can advise you of any updates that may need to be made to your current policies.

You can find the full blog on our website  
[here](#)

## From The World Of Insurance

Last month, Denise Koslowsky and Glenn Binday visited with their partners at the Cincinnati Insurance Company! During our visit we met with (and received a history lesson) from the President Steve Spray and CEO Steven Johnston, and enjoyed taking in the sights around town.





## Inside Our Community

### ICRF Tri-State Gold Outing

Last month, we were proud to be an Individual Hole Sponsor for the Israel Cancer Research Fund's (ICRF) Inaugural Tri-State Golf Outing! We fully supported their mission to Drive Fore A Cure.



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