

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## POLICYHOLDER NOTICE

### *HURRICANE DEDUCTIBLE PROGRAM*

The New Jersey Insurance Underwriting Association (Association) utilizes a **hurricane deductible** for properties located in 116 New Jersey coastal region zip codes. Since one or more properties you insure through the Association is located in one of these zip codes, the Association is required by the New Jersey Department of Insurance to send you this notice.

#### When It Applies

Your policy contains two deductibles indicated on your declaration page, an all peril deductible, which is used in the settlement of a covered loss, and a **hurricane deductible**. The **hurricane deductible** applies to your policy only when the National Weather Service measures sustained high winds of 74 miles an hour or greater anywhere in the state, not just in the designated zip codes.

When this happens, the **hurricane deductible** is in effect for the period of time beginning 12 hours before the weather service's measurement and ending 12 hours after the last measurement of sustained 74 mile per hour winds anywhere in New Jersey. During this time frame, the percentage deductible of either 2%, 3% or 4% will apply to the greater of the building or contents limit shown on your declaration page, should a covered loss occur due to wind, wind gusts, hail, rain, tornadoes, or cyclones caused by or resulting from the hurricane.

#### How It Works

The **hurricane deductible** may also apply to any loss or damage to covered property caused by wind driven objects if your covered loss occurs during this time period. If there is more than one property insured on your policy, the **hurricane deductible** will apply on a per location basis.

The deductible is calculated by multiplying the percentage shown on your declaration page to the coverage A dwelling amount or coverage C personal property amount if only contents is covered. If the result of the calculation is more than the policy's all peril deductible, the higher hurricane deductible would be applied to the covered loss. The higher of the two deductible amounts will always be used.

A covered loss caused by a peril other than those stated above during this time period will be settled utilizing the all peril deductible. At the end of the last 12-hour measurement period, the all peril deductible will be used for all covered losses once again.

Here is an example based on dwelling coverage of \$100,000 and personal property coverage of \$25,000. The deductible is 3% for a hurricane event and \$1,000 all perils. The **hurricane deductible** amount is  $3 \times \$100,000 = \$3,000$ . Since this figure is higher than the all perils deductible, it will be used in the settlement of a covered hurricane loss.

Damage to building	\$ 6,000
Damage to contents	\$ 1,000
Total adjusted damage	\$ 7,000
Less hurricane deductible	<u>-3,000</u> (paid by you)
Insured Amount	\$ 4,000 (paid by NJIUA)

### What You Can Do

The **hurricane deductible** is mandatory by the Association and cannot be deleted from your policy. However, you may qualify for a reduction to your current **hurricane deductible** percentage by taking certain measures that would reduce the risk of a loss due to a hurricane. There are several things that can be done to mitigate hurricane damage such as protecting all exterior glass from flying debris using storm shutters or plywood, or reinforcing your overhead garage door and tracks to withstand 85 mile per hour winds if not already equipped.

The reduction you can receive will depend on what actually is completed and supported with proper documentation. For more complete information on the Association's **Hurricane Deductible Program Consumer Guide** including information on the 116 zip codes and how you may qualify for a reduction of your deductible, please review the enclosed **Hurricane Deductible Program Consumer Guide** brochure or contact your agent or broker.

This is a policyholder notice and is not part of your policy. If there are any discrepancies between this notice and the **Hurricane Deductible Endorsement**, the **Hurricane Deductible Endorsement** shall prevail.

If you have any questions about this notice please visit our website at [www.njiua.org](http://www.njiua.org) or call our customer service department at 973-622-3838.