

NEW JERSEY MANUFACTURERS INSURANCE COMPANY

# Hurricane Deductible

What You Need to Know



**NJM** Insurance  
Group

This booklet contains only general information and is not a legal document. Save this booklet.

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NEW JERSEY MANUFACTURERS INSURANCE COMPANY  
CUSTOMER SERVICE HOURS  
MONDAY THROUGH FRIDAY, 7:00 A.M. - 9:00 P.M.  
SATURDAY, 8:30 A.M. - 4:30 P.M.  
CALL TOLL FREE 1-800-232-6600

*Background information about the history, reputation and operating philosophy of NJM Insurance Group is available at [NJM.com](http://NJM.com).*

## ABOUT HURRICANE DEDUCTIBLES

A deductible is the dollar amount that a policyholder will pay toward repairs when there is damage covered by a policy. A deductible keeps the insurance premium down. When a policy has a larger deductible, the premium is lower than it would be with a small deductible.

However, a homeowners policy may have **two** deductibles – one is for a dollar amount as described above for any damage caused by any peril covered by a policy, and the second would be specifically for hurricane losses only. NJM Insurance Group has utilized hurricane deductibles with the approval of the New Jersey Department of Banking and Insurance (NJDOBI) since 1998.

A policy with the hurricane deductible would display both deductibles on the Declarations Page – an all-peril deductible, which is used in the settlement of a covered loss other than a hurricane, and a hurricane deductible, which is a larger amount equal to either 3% or 5% of Coverage A (Dwelling) or Coverage B (Other Structures) limit, whichever is greater. The percentage depends on the location of the home.

NJM Insurance Group had implemented the hurricane deductible for properties located in 112 designated coastal ZIP codes in New Jersey (see Page 8). However, the hurricane deductible could be waived if the policyholder takes certain measures to reduce the risk of loss (see Page 4).

The hurricane deductible applies only in the event of a hurricane named by the National Weather Service from which sustained hurricane force winds of 74 miles per hour or greater have been measured by the Weather Service anywhere in New Jersey, beginning 12 hours before and ending 12 hours after the first and last recordings of such winds.

During this period, the deductible of 3% or 5% shown on the Declaration Page will apply if a covered loss occurs due to wind, wind gusts, hail, rain, tornadoes or cyclones caused by or resulting from the hurricane. The hurricane deductible will also apply to any loss or damage to covered property caused by wind-driven objects during this time. This deductible applies regardless of any other cause or event contributing concurrently or in any sequence.

However, if a covered loss during this same period is caused by a peril other than those stated above, then the insurance settlement will utilize 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.

## HISTORY OF HURRICANES IN NEW JERSEY

Since record keeping began in 1886, the only hurricane to make direct landfall in New Jersey occurred on September 16, 1903, and its sustained winds were only 3 miles per hour (mph) more than the 74 mph minimum to be classified as a hurricane. In August 2011, Hurricane Irene caused extensive damage along the East Coast but had been reclassified and renamed Tropical Storm Irene when it made landfall in New Jersey.

While it is impossible to predict the future, historically most hurricanes have veered away from New Jersey because of its geographic features:

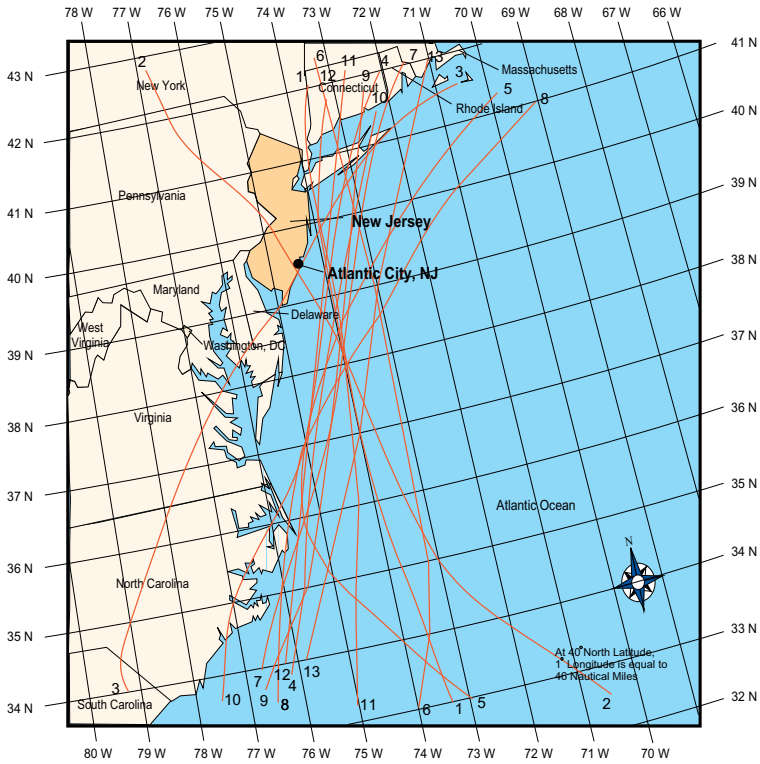
**Water Temperature** – Warm water is necessary for hurricanes to start and maintain strength. Hurricanes rarely are generated where the deep-water temperature is below 80 degrees Fahrenheit. The cooler deep-water temperatures off the coast of New Jersey do not permit hurricanes to sustain the intensity that they possess in the Gulf of Mexico and off the southeastern United States coastline.

**Westerly Air Stream** – A dominant feature of the atmospheric circulation over North America and specifically the Middle Atlantic states is the constant movement of high-altitude air from west to east. This westerly air stream tends to push hurricanes that are moving up the eastern seaboard out to sea.

**Coriolis Effect** – Because of the earth's rotation, all objects and fluids that are moving freely in a direction from the proximity of the equator toward the North Pole will experience a force steering them in a northeasterly direction. Hurricanes, which are fluids (comprised of liquids and gases), tend to exhibit this behavior, moving away from New Jersey.

**Geographical Orientation** – New Jersey's 123-mile coastline is aligned on a north-south axis, which makes it less vulnerable than other eastern seaboard states to hurricanes that travel northeasterly. By comparison, shorelines of the New England states and Long Island are aligned east-west and are therefore more vulnerable.

## TRACKS OF HURRICANES PASSING WITHIN 75 NAUTICAL MILES OF ATLANTIC CITY, NEW JERSEY 1886 - 2011



Storm Index Number	Storm Name	Year	Month	Day	Maximum Wind Speed at Storm Center (MPH)	*Saffir-Simpson Storm Category
1	Not Named	1893	August	24	98	2
2	Not Named	1903	September	16	77	1
3	Not Named	1904	September	15	75	1
4	Not Named	1934	September	8	74	1
5	Not Named	1936	September	19	95	1
6	Not Named	1938	September	21	104	2
7	Not Named	1944	September	14	113	3
8	Barbara	1953	August	14	83	1
9	Carol	1954	August	31	98	2
10	Donna	1960	September	12	106	2
11	Belle	1976	August	10	89	1
12	Gloria	1985	September	27	95	1
13	Bob	1991	August	19	109	2
14	Irene*	2011	August	28	74	1

\* Hurricane Irene had been downgraded to a Tropical Storm when it made landfall in New Jersey on August 28, 2011.

New Jersey Manufacturers  
Insurance Group, November 2011  
Information provided by Science Applications International Corporation

*Saffir-Simpson Storm Category	One Minute Sustained Speed (MPH)
1	74 - 95
2	96 - 110
3	111 - 130
4	131 - 155
5	over 155

## LOSS MITIGATION AND HURRICANE DEDUCTIBLE WAIVER

NJM Insurance Group will issue new homeowners policies for residents in the coastal ZIP codes listed on Page 8 only if the policy includes a hurricane deductible. However, you may qualify to have the hurricane deductible eliminated by taking measures that would reduce the risk of loss due to a hurricane (declared in accordance with N.J.A.C. 11:2-42).

**Please note that taking these measures cannot reduce the percentage of your special hurricane deductible. The deductible will either be eliminated or will remain the same.**

A building contractor, municipal building inspector, licensed architect or licensed engineer must certify all of the loss mitigation features exist prior to the time of loss.

The following precautions can mitigate hurricane damage. **All of these steps must be taken to eliminate the hurricane deductible:**

- Hurricane straps shall be used to connect the roof rafters or trusses to the top plate.
- All roof sheathing shall be nailed to either roof trusses or roof rafters with No. 8 nails spaced at six inches on center for panel ends and 12 inches on center across the remainder of the sheathing panel. (See nails in Figure 1.)
- If the roof is not composed of shingles capable of withstanding 60 mph winds, or the age of the roof is greater than 10 years, then the roof must be protected against water infiltration by the application of an impervious, adhesive membrane such as hot-mopped asphalt directly on the sheathing and beneath the shingles. (See membrane illustration in Figure 1.)
- If the home has gable ends, the gables shall be braced against lateral forces.
- Adequate roof venting (ridge vents) shall be provided to relieve internal pressure on the underside of the roof.



Figure 1

- Roof trusses or roof rafters shall be braced to resist lateral forces. (Braces are shown in Figure 2.)

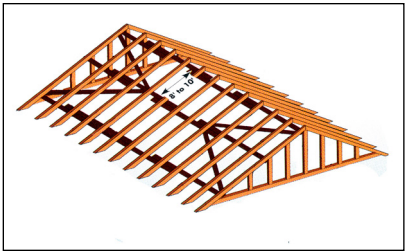


Figure 2

- Laminated glazing in all windows, doors and skylights or prefabricated three-quarter-inch plywood panels shall be provided for all glazing areas and fastened with minimum five-sixteenth-inch lag bolts on 12-inch centers.

- Garage door tracks and track supports shall be rated heavy duty or strengthened to prevent failure caused by door deflection.

- Garage door tracks shall be fastened to the door bucks with minimum three-eighth-inch lag bolts, and the door bucks fastened to the doorframe with minimum three-eighth-inch lag bolts.

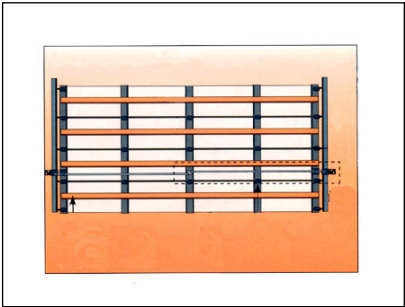


Figure 3

- Garage doors shall be braced with appropriate mullions and girts to reduce deflection. (Figure 3)

**Note:** In addition to the features noted above, all new construction (homes completed within the last 12 months) must be in compliance with recognized building code(s) standards and the final product must incorporate:

- Hurricane straps shall be used to connect the wall studs to the sill plate.
- Anchor bolts of a minimum half-inch in diameter shall be embedded in the masonry foundation and shall be fastened to the sill plate with washers and nuts. The anchor bolts shall be located on the center of the sill plate and shall be spaced six feet apart for a one-story or two-story dwelling, or spaced four feet apart if the dwelling is three or more stories high.

## FREQUENTLY ASKED QUESTIONS

To understand more about the NJM Insurance Group hurricane deductible program, here is a list of frequently asked questions with the appropriate answers.

### **1. Does the hurricane deductible apply everywhere in the state?**

No. The New Jersey Department of Banking and Insurance (NJDOBI) has designated 112 ZIP codes throughout several coastal areas of New Jersey where the deductible may be triggered in the event of a hurricane. The ZIP codes and applicable hurricane deductible percentages are based on the insured property's proximity to the New Jersey coast.

### **2. How can I tell if a deductible applies to my insured property?**

The hurricane deductible applies if your policy insures a property located in one of the 112 ZIP codes listed on Page 8 and if your Declarations Page displays a hurricane deductible.

### **3. How can I tell what my deductibles are?**

The amounts of your all-peril deductible and hurricane deductible are shown on your Declarations Page.

### **4. How are the deductible amounts determined?**

The all-peril deductible and corresponding hurricane deductible are based on the location of the property, the ZIP code and the distance from the ocean as determined by a widely accepted mapping program used by NJM Insurance Group.

Your policy will have an all-peril deductible (generally ranging from \$1,500 to \$10,000) and either:

- a 5% hurricane deductible if your property is located in one of the designated 19 primary coastal ZIP codes; or
- a 3% hurricane deductible if your property is located in one of the remaining coastal ZIP codes.



## 5. If there is a covered loss caused by a hurricane, how is my deductible calculated?

To see how much your deductible would be, multiply the percent deductible shown on your Declarations Page by the Coverage A (Dwelling) limit or the Coverage B (Other Structures) limit, whichever is greater. If the calculated amount is more than the all-peril deductible, then the hurricane deductible applies. The higher of the two deductibles will always apply.

Here is an example based on an insurance policy with a limit of \$300,000 for Coverage A (Dwelling), a limit of \$150,000 for Coverage C (Personal Property), a limit of \$30,000 for Coverage B (Other Structures), an all-peril deductible of \$1,500 and a hurricane deductible of 5%.

The hurricane deductible amount is  $5\% \times \$300,000 = \$15,000$ . It is used because \$15,000 is more than the \$1,500 all-peril deductible.

A loss would be settled as follows:

Damage to dwelling	\$100,000
Damage to contents	\$ 25,000
Damage to other structures	\$ 4,000
Total Adjusted Damage	\$129,000
Less deductible	– \$ 15,000 (paid by you)
Insured Amount	\$114,000 (paid by NJM Insurance Group)

## 6. Why do homeowners in my ZIP code have a hurricane deductible?

Although the New Jersey Department of Banking and Insurance (NJDOBI) regulates homeowners insurance, the underwriting rules vary by insurance company. With the approval of the NJDOBI, NJM Insurance Group requires a hurricane deductible.

## 7. Can the hurricane deductible be removed from my policy?

Yes. The hurricane deductible is mandatory but can be waived through applicable mitigation features. There are several things you can do to protect your property from a hurricane loss and mitigate the damage that may result. The waiver of your hurricane deductible will depend on the extent of construction improvements to your property and how well it is documented. NJM Insurance Group's mitigation requirements are explained on Pages 4-5.

## COASTAL REGION ZIP CODES

NJM Insurance Group's Special Hurricane Deductible is mandatory for policies covering properties located in the NJDOBI's 112 designated coastal region ZIP codes as found in N.J.A.C. Appendix Exhibit E 11:2-42.

Nineteen of these ZIP codes have been designated as primary coastal ZIP codes and are subject to a 5% deductible. These ZIP codes are marked with an asterisk (\*). The remaining ZIP codes are subject to a 3% deductible.

07002	07732*	08212	08721
07008	07734	08221	08722
07036	07735	08223	08723
07064	07737	08225	08724
07077	07739	08226*	08730
07201	07740	08230	08731
07202	07748	08232	08732
07206	07750	08234	08734
07302	07753	08241	08735*
07304	07755	08242	08736
07305	07756	08243*	08738*
07306	07757	08244	08739*
07701	07758	08247*	08740
07702	07760	08248*	08741
07704	07762	08251	08742
07709	07764	08260*	08750
07711	08005	08270	08751*
07712	08006*	08311	08752*
07715	08008*	08324	08753
07716	08050	08327	08754
07717	08087	08332	08755
07718	08092	08345	08756
07719	08201	08349	08757
07720	08202*	08401*	08758
07721	08203*	08402*	08832
07723	08204	08403*	08861
07724	08205	08404	08862
07730	08210	08406*	08879

## HOW TO FILE A CLAIM

Notify us *immediately* if you experience a loss. When reporting a claim for the first time, you may contact our Claims Department at 1-800-FOR-NJMIns (1-800-367-6564). All other calls to us regarding claims should be made to the number listed on the Claim Acknowledgment that we will send to you.

For Property Damage claims, we may inspect the damage and must offer you a settlement within a reasonable period of time. We also must inform you of all estimates of damage which we have made, all deductions based on the condition of the property, and the deductible applicable to the settlement figure.

If you are dissatisfied with the way your claim is being handled, after discussing your problem with a Claims Representative and his or her supervisor, write the Office of the President, NJM Insurance Group, 301 Sullivan Way, West Trenton, NJ 08628-3496. You also may utilize the Company's internal appeals system by contacting the Internal Appeals Administrator at the same address. If you are still dissatisfied, you can write to the Division of Enforcement and Consumer Protection, New Jersey Department of Banking and Insurance, PO Box 329, Trenton, NJ 08625-0329.



RECYCLABLE

Thank you for choosing NJM as your insurance carrier.  
To reach our Customer Service Department, please call: [1-800-232-6600](tel:1-800-232-6600)



More information about our Company is available at [njm.com](http://njm.com)