DISCLOSURE NOTICE
HURRICANE DEDUCTIBLE

Your policy includes a Hurricane Deductible. Please review this important notice and retain it with your insurance policy. It is recommended that you review your policy carefully to determine your rights, duties and obligations. This information is intended to assist you in the review of your policy. If there are any conflicts between this Disclosure Notice and your policy, the provisions of the policy shall prevail.

Deductibles serve both the needs of continuing to provide affordable insurance for all insureds and sharing the loss with property owners. A deductible is the portion of a loss for which you are responsible to pay in the event of damage resulting from a covered cause of loss. Your policy contains separate Hurricane Deductible provisions. These deductible provisions are not intended to be combined with any other policy deductibles. If the deductible applicable to all perils insured against except windstorm losses exceeds the Hurricane Deductible, then the higher deductible will be applied to the amount of the adjusted loss resulting from windstorm. When the amount of loss or damage sustained exceeds the applicable Hurricane Deductible, we will pay the amount of loss or damage that exceeds the Hurricane Deductible, up to the Amount of Insurance, after any reduction required by a Coinsurance Condition or other special limitation.

The Hurricane Deductible percentage applies to category 2 hurricanes, or greater, as defined in the endorsement to your policy that adds the deductible. The Hurricane Deductible applies to Coverage A – Building, Coverage B – Business Property, Incidental Coverages and all additional property coverages added by endorsement, as is applicable, to each covered claim for loss or damage in any one occurrence. When more than one building is involved, the deductible applies separately to each building. If your policy covers only business property, the deductible applies separately to business property in each building. If the same deductible amount applies to your building and business property within that building, one deductible shall apply to the loss for the building and business property within that building, otherwise, the higher of any applicable deductible shall apply.

The Hurricane Deductible applicable to category 2 hurricanes, or greater, is based on a percentage of the amount of insurance for Coverage A or B, whichever is greatest. The amount of your Hurricane Deductible is determined by multiplying the Hurricane Deductible percentage by the amount of insurance to which the Hurricane Deductible is applicable. The resulting dollar amount is your Hurricane Deductible.

Below are representative examples of how the percentage Hurricane Deductible would be applied in particular loss scenarios:

1. The policy insures two buildings, Building 1 valued at $300,000 and Building 2 valued at $200,000. The percentage deductible is 3 percent. Both buildings are damaged in a Category 2 storm. The deductible for Building 1 is $9,000 and the deductible for Building 2 is $6,000. The insurer would pay the amount in excess of $9,000 and $6,000, respectively, for each building for a covered loss, up to the amount of insurance, after any reduction required by a Coinsurance Condition or other special limitation.

2. The policy insures business property only in each of two buildings, with a value of $40,000 in Building 1 and $30,000 in Building 2. The percentage deductible is 3 percent. The business property in both buildings is damaged in a Category 3 storm. The deductible for business property in Building 1 is $1,200 and the deductible for business property in Building 2 is $900. The insurer would pay the amount in excess of $1,200 and $900, respectively for the business property in each covered loss, up to the amount of insurance, after any reduction required by a Coinsurance Condition or other special limitation.

3. The policy insures both the building in the amount of $300,000 and business property contained in the building, with a value of $30,000. The percentage deductible is 3 percent. Both the building and business property are damaged in a Category 3 storm. Since the value of Coverage A is higher than Coverage B, the Hurricane Deductible is calculated on the amount of insurance for Coverage A. The deductible is $9,000. The insurer would pay the amount in excess of $9,000 for the covered loss, up to the amount of insurance, after any reduction required by a Coinsurance Condition or other special limitation.

4. The policy insures both the building and business property in two buildings. Building 1 is valued at $300,000 with business property valued at $30,000 and Building 2 is valued at $200,000 with business property valued at $20,000. The percentage deductible is 3 percent. Since the value of Coverage A is higher than Coverage B, the Hurricane Deductible is calculated on the amount of insurance for Coverage A. The deductible for Building 1 is $9,000 and the deductible for Building 2 is $6,000. If only Building 1 and its business property are damaged, the deductible is $9,000 and if Building 1 or the business property is damaged, the deductible is $9,000. The insurer would pay the amount in excess of $9,000 for the covered loss, up to the amount of insurance, after any reduction required by a Coinsurance Condition or other special limitation. If only Building 2 and its business property are damaged, the deductible is $6,000 and if Building 2 or the business property is damaged, the deductible is $6,000. The insurer would pay the amount in excess of $6,000 for the covered loss, up to the amount of insurance, after any reduction required by a Coinsurance Condition or other special limitation.

In all examples provided, the Hurricane Deductible applies unless the deductible applicable to all perils insured against is higher, then the higher of the deductibles shall apply.

A $1,000 deductible applies to covered windstorm losses resulting from category 1 hurricanes as defined in the endorsement to your policy that adds the deductible. Under those circumstances, we will deduct $1,000 from each covered claim for loss or damage in any one occurrence. If both category 1 hurricane winds and category 2 hurricane winds or hurricane force winds of a greater velocity exist during the Hurricane Deductible duration as defined in your policy, the Hurricane Deductible percentage shall apply as set forth above.

The Hurricane Deductible provisions apply regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events occur concurrently or in any sequence to the loss.

If you have any questions as to these changes on the completion of your review, please contact your agent or this company for further information.