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Boston—Peabody, MA

Leading Wealth/Insurance Advisor

Felton, Berlin & Erdmann Insurance Services Inc.
Robert H. Erdmann, ARM, President

“What should I know about insuring my coastal vacation home?”

By Robert H. Erdmann, ARM

Many families today own a vacation home. While a second home on historic Nantucket or on the waterfront of Naples, Fla., is a wonderful luxury, complicated issues can arise when it comes to insuring them.

In fact, it has become quite challenging to insure homes not just in Naples, but in most parts of Florida, as well as in summer spots such as the Hamptons, Cape Cod, Martha's Vineyard and Nantucket. These challenges make it even more critical that you work with an advisor who understands the subtleties of insuring a vacation home and the factors specific to each region of the country.

When individuals buy secondary residences, they often rely on a local insurance agent to provide coverage options. Oftentimes, these small firms are not able to provide the best protection for exposures facing affluent clients and the locale itself.

So, how should you proceed when insuring a coastal vacation home, particularly one in a high-risk location?

First, check with the insurer of your primary residence. If you are satisfied with the service and coverage from this

provider, have your insurance advisor inquire about the carrier's willingness to underwrite the coastal vacation home as well. Keep in mind, however, that the insurer may require a minimum premium to carry policies on both residences, so make certain your advisor explores options with other insurers as well.

Depending on a number of factors, including the level of risk to your coastal home and how well you have prepared for problems (see sidebar), you may have to choose a nonadmitted insurer. These insurers are typically more expensive and have coverage limitations.

Additionally, it is important to be clear about deductibles. For vacation homes requiring wind or hurricane coverage, many carriers compute deductibles on a percentage basis, which can result in paying large out-of-pocket sums in the event of a claim.

The main thing you need to know when it comes to insuring your vacation home is this: Work with an advisor who fully understands the risk factors specific to your home's locale and who can secure the best possible rate with the highest-quality insurer. ☞

BATTEN DOWN THE HATCHES... AND LOWER YOUR PREMIUM

New terms will enter your vocabulary when you insure a vacation home in a location susceptible to severe weather. Most have to do with preparing your house for the worst. A few examples:

Windproof shutters: This type of shutter is designed to protect against wind. They are installed on the outside of an existing window and are rated according to the speed of wind they protect against.

Impact glass: Used as an alternative to windproof/storm shutters, impact glass refers to a window that meets specific guidelines for construction and installation and is rated according to the direct impact it can withstand.

Elevation certificate: Typically completed by a land surveyor, these certificates will allow you to know what flood zone your home lies in, as well as determine whether your home's mechanicals are properly elevated should a flood occur. These are more important for older homes because of changing flood zones and construction codes.

“It is critical that you work with an advisor who understands the subtleties of insuring a vacation home.”

– Robert H. Erdmann, ARM

How to reach Robert H. Erdmann

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MY HOBBIES ARE...

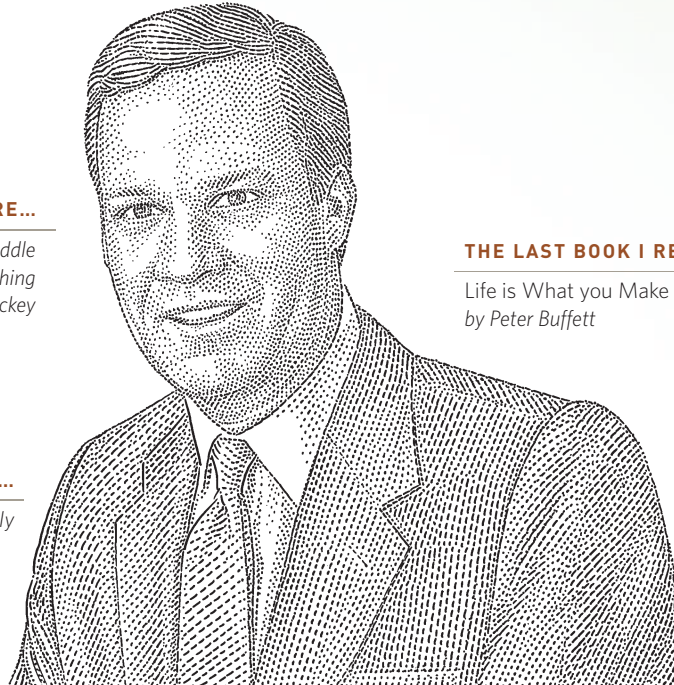
Playing squash, tennis, paddle tennis and golf, and coaching youth lacrosse and hockey

WHAT'S ON MY DESK...

Photos of my family

THE LAST BOOK I READ...

Life is What you Make of It, by Peter Buffett



About Robert H. Erdmann, ARM

Robert H. Erdmann, ARM, president, Felton Berlin & Erdmann Insurance Services, has spent almost his entire career in the insurance business and received his associate in risk management designation in 1999. Prior to joining Felton & Berlin, he spent 13 years with Marsh USA Inc., the last six as a senior vice president and office head of the Boston Private Client Services Marsh office. He is an active member of the Boston Estate Planning Council, a member of the Professional Advisors Committee for the Boston Foundation, and sits on the Friends Board of the Northshore Educational Consortium. He is a graduate of Choate Rosemary Hall and Colby College.

For more than 24 years, the mandate of Felton, Berlin & Erdmann Insurance Services has remained unchanged: develop sophisticated personal insurance programs for an affluent clientele. Personal insurance services offered include homeowners insurance, umbrella liability, valuable articles, flood/earthquake, auto insurance, yacht/watercraft and specialty coverage. Partnerships with Chubb, Chartis, Fireman's Fund, ACE and other top-rated insurers afford the agency's clients access to the most effective personal risk management services, delivered by Felton, Berlin & Erdmann Insurance Services' 14 licensed insurance professionals.

Insurance Services Experience
20+ years

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Personal risk management

Association Memberships
Boston Estate Planning Council

Credentials
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