



Four Point Insurance Inspections

**A Home Inspection is NOT a 4 Point Inspection*

Update from Citizens Insurance Effective 9/1/2012:

As the leader of the Home Inspection Industry in Florida, HomeTeam Inspection Service has performed thousands of Four Point Inspections which have been accepted by Citizens Insurance and many other Insurance companies when underwriting older homes. In this article, we will briefly review the requirements issued by Citizens Insurance for ALL new policy issues effective 9/1/2012 (these requirements went into effect for renewing policies on 10/1/2012):

- *A Four Point Insurance Inspection MUST be submitted with all applications for homes more than 30 years old (Previously this requirement was for homes more than 50 years old.)*
- *Updated Plumbing Rules; properties with the following conditions ARE NOT eligible for coverage with Citizens Insurance: Signs of active leaks or unrepaired water damage, plumbing systems not in good working order, and the presence of Polybutylene plumbing.*
- *Updated Electrical Rules: Requirements for remediation of aluminum branch circuit wiring have been added. Electrical service of less than 100 amps are NOT eligible for coverage (exceptions may be made for mobile homes under certain circumstances and additional review by an electrician).*

These are just the major changes issued by Citizens Insurance for eligible properties older than 30 years. If you would like to find out more about how this may affect a home purchase in Florida, please contact one of our qualified Inspectors at (954) 941-1602 or email southeastflorida@hometeam.com

HISTORY OF THE FOUR POINT INSURANCE INSPECTION:

The Four Point Insurance Inspection was created after Hurricane Andrew struck Florida in 1992. It is performed on behalf of the insurance companies and, typically, as a requirement for the insurer offering insurance to the new homeowner. After recent year's barrage of hurricanes in Florida, the Four Point Insurance Inspection has taken

on added importance. As insurance companies are beginning to see the benefit of the inspection, the program is spreading to other areas of the country. The benefit to the insurance company is, obviously, reduced loss risk on homeowners insurance policies. This is an area of business that has, for many years, been a money loser for insurance companies.

In 2002, the Florida Legislature passed a law that combined the Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) and the Florida Windstorm Underwriting Association (FWUA). This resulted in the creation of Citizens Property Insurance Corporation (Citizens), which more efficiently and effectively provides insurance to, and serves the needs of, homeowners in high risk areas and others who cannot find coverage in the open, private insurance market. It is funded by premiums paid by the insured and from other insurance companies paying into the program to reduce their overall losses.

The Four Point Insurance Inspection consists of a visual survey and requires 25 to 30 photographs of the following four primary components:

1. Roof
2. Electrical
3. HVAC System
4. Plumbing

The insurance companies are expecting the condition of the components listed above to be working as intended within the manufacturer's specifications. The criteria used to judge the components include:

- Current operating conditions
- Scheduled maintenance requirements
- Expected service life

Not all insurance companies require a Four Point Insurance Inspection and most typically only require it of homes older than 30 years upon issuance or renewal of a homeowner's insurance policy. Please consult with your Insurance Agent prior to ordering a Four Point Insurance Inspection.

Appointments available with only 24 hours notice. 4 Point Inspections are an additional fee. Please call (954) 941-1602 (staff available Monday thru Friday from 9am-5pm).

This Applies to Homes 30 Years Old and Older.

Four Point Inspections Are Now Required.

According to Citizens, this will be required for new business on September 1 and renewals on October 1. Here are a few changes:

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Plumbing Changes

These are new plumbing reasons homes would not get coverage.

1. Existing leaks.
2. Unrepaired water damage.
3. Plumbing not in good working order.
4. Polybutylene pipes. (Plastic flexible pipes, known to leak.)

What does this mean? Ask your policyholders if they have any existing plumbing leaks or unrepaired damage **before ordering an inspection.**



Electrical Changes

These are new electrical reasons homes would not get coverage.

1. Aluminum wiring.
2. Less than 100 amps service.

What does this mean? Most policyholders don't know about these two items and there are not many questions to ask them about these issues to prepare for an inspection.

On a side note you can ask them two simple questions to find out if they may have a Federal Pacific panel. **Are the breaker switches Red or Orange? Does the panel say STAB-LOK?**



Electrical Panels May Prevent Getting Insurance

Four Point Inspections Are Increasing.

- How to Identify a Federal Pacific Panel.
- Why Federal Pacific Panels are an issue.
- How to Fix the Problem.



(Upper Right: Federal Pacific Logo)



How to Identify a Federal Pacific Panel

Logo (if present, see logo above)

Orange Breaker Color (see left)

STAB-LOK Load Center Label (see left)

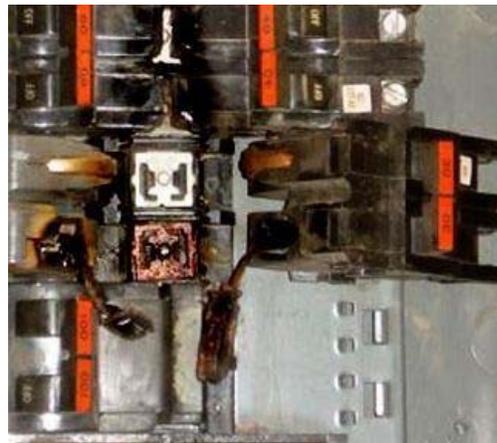
Breakers that are ON when they are away from the center (most panels are opposite).

(Left: Federal Pacific Panel)

Why Federal Pacific Panels are an Issue

Breakers are designed to break the flow of electricity whenever too much electricity is going to the circuit it controls.

Federal Pacific breakers have been shown to fail to do this. That means electricity can continue to flow and possibly cause a fire or property damage.



(Right: Fire Damaged Panel)



How to Fix the Problem

Replacement is the best solution. Price to replace a typical Federal Pacific panel ranges from \$800-\$1500 on average. The replacement can usually be done in one or two days by a licensed electrician.

Once the replacement is done a new four point inspection should be performed.

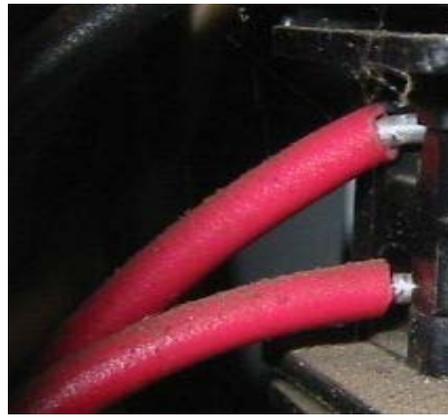
Right: Electrician Working on a Panel

Aluminum Wiring Could Prevent Your Client from Procuring Coverage

Not All Aluminum Wiring is Bad.

- How to identify single strand aluminum wiring.
- Why aluminum wiring is an issue.
- How to Fix the Problem.

Right: Single Strand Aluminum Wire



How to Identify a Single Strand Aluminum Wire

Disclaimer: Do not attempt to identify aluminum wiring personally. Electricity is Dangerous.

1. Color (silver color)
2. Lack of Strands (See stranded wire image: left)
3. Amps (Usually 15 or 20 amp circuits.)
4. The plugs and switches are also a place an

inspector can look for aluminum wiring.

5. Aluminum wiring for the main power feed and for circuits over 30 amps are typically acceptable.

Left: Stranded Aluminum Wiring

Why Single Strand Aluminum is an Issue

Aluminum connections have a higher chance of overheating and causing a fire compared to copper. Studies have found that aluminum wiring connections are 55 times more likely to overheat than copper wiring connections.

Right: AlumiConn Connector used to reduce chance of overheating.

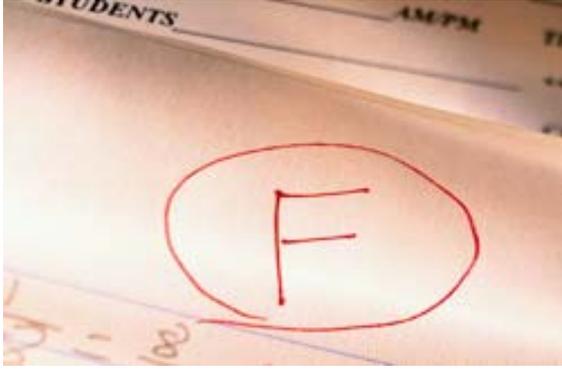


How to Fix the Problem

Rewiring is the best solution but it is very expensive and time consuming. Price to rewire a typical 3 bed 2 bath 2000 SF Home ranges from \$8000-\$15000 on average. The replacement can usually be done in about two weeks by a licensed electrician.

A more affordable solution is to add special connectors to the end of the aluminum wires at plugs, switches, lights and more. AlumiConn connectors and CopAlum splices are commonly used connectors. These reduce the risk at the connection points of overheating.

Left: CopAlum connector used to reduce the chance of overheating.



Common Reasons Four Point Inspections are Rejected.

Based on our experience providing inspections throughout Florida, these are common rejection reasons for Four Point inspections.

1. Wiring type not CLEARLY listed. Inspections should state that the home has Copper or Aluminum Wiring. Even though it is not a requirement to state that the wiring is copper, we have seen this rejection on several

occasions.

- 2. If the home has aluminum wiring that is not single strand, underwriters still reject the four point and ask for additional information.
- 3. PEX piping. It looks like Polybutylene and sometimes raises a flag for carriers.
- 4. Ages - If the report does not estimate how much life left the home features have then it may be rejected.
- 5. Electrical Panel Brand not listed.
- 6. Photo of electrical panel with cover off and on not included.

What to Expect from a Four Point Inspection.

Four Point inspections are not just a quick look at a home. Here are the standards:

Pictures (Minimum)

1. Roof
2. Electrical Panel (Cover Off)
3. Under Sinks
4. Water Heater
5. Air Handler
6. Exterior
7. Electrical Disconnect

Information (Minimum)

1. Ages. Roof, Electrical, Plumbing, HVAC
2. Wiring Type
3. Panel Brand
4. Amp Rating
5. Conditions of 4 points
6. Plumbing pipe types
7. Water Heater Type and Location
8. Leaks. Plumbing and Roof
- 9 Any Damage