

# Insights & Updates

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## Got earthquake insurance?

For many homeowners living in the Northeast, earthquake insurance coverage is probably one of the rarer insurance products that customers are seeking. When you think about weather in the Northeast, you typically envision snow, hurricanes, heavy rain and brutal wind—not earthquakes. That is why when a 4.8 magnitude earthquake struck in Tewksbury, N.J., on April 5, 2024, insurance agents may have seen an uptick in their inquiries about earthquake insurance.

While the Northeast is not typically known for seismic activity, this recent episode serves as a stark reminder that earthquakes, though rare, can and do happen. Prior to this recent activity, the last earthquake that happened in the Northeast region was the 1998 Pymatuning earthquake in Pennsylvania. Even further back, New York saw the 1944 Cornwall–Massena earthquake and New Hampshire had two earthquakes in the 1940s that happened back-to-back—and that's just in the 20<sup>th</sup> century.

Even though the 2024 New Jersey earthquake wasn't as devastating as other seismic events, there were still damages and interruptions, including ruptured gas lines, broken water mains and even a sinkhole. The 2024 New Jersey earthquake raises an important question: Are you prepared for the next one?

Standard homeowners insurance and renters insurance policies typically exclude

earthquake damage, necessitating an endorsement to the homeowners policy or a separate policy for protection against the financial fallout of an earthquake.

Earthquake insurance is designed to cover the damage that your standard homeowners policy won't cover. This specialized coverage can help you repair or rebuild your home, replace damaged personal belongings and even cover additional living expenses if your home is uninhabitable after an earthquake.

In New Jersey, earthquake insurance is an optional coverage that can be added to a homeowners insurance policy. The state's proximity to seismic zones, such as the Ramapo Fault, makes this coverage an important consideration. New Jersey homeowners are advised to discuss potential risks with us and understand the specifics of their coverage options.

While earthquakes are not the first natural disaster that comes to mind when you think about the Northeast, recent events have shown us that they are a risk worth considering insuring. Earthquake insurance should provide the coverage you need to protect your home and your finances from unexpected seismic activity. Don't wait for the next tremor to strike, call our office today. We can offer you advice to help you determine what coverage makes the most sense with your needs and budget.



# The drones are coming: what homeowners need to know



It's projected that the commercial drone market will

**grow 14%  
by 2030**

**Drones** have been used by some insurance companies in their **underwriting processes**

According to the Federal Aviation Administration, over **380,000 drones** are registered for commercial use as of **May 31, 2024**

Consumer-grade drones are invaluable for the insurance industry, particularly for examining roof damage. These flying gadgets make inspecting hard-to-reach places easy, streamlining the underwriting process. Policyholders in the Northeast should understand both the benefits and potential pitfalls of drone use in insurance underwriting.

## **How Drones Are Used in Underwriting**

Drones capture detailed aerial images of properties, particularly roofs, to assess their condition. Roofs don't last forever: they're subject to wear, eventually "age out" and need replacement. This technology can identify visible damage, such as missing shingles, leaks and more. The main advantages include:

- **Safety:** Drones reduce accidents by eliminating the need for underwriters or contractors to climb onto roofs.
- **Efficiency:** Drones cover large areas quickly, providing high-resolution images that can be reviewed remotely, speeding up the underwriting process.

## **Potential Concerns for Homeowners**

While drones offer numerous benefits, there are some concerns:

- **Cosmetic vs. structural damage:** Drones may primarily capture surface-level issues. However, not all visible wear affects the roof's structural integrity. Assessments must differentiate between the two: purely cosmetic issues shouldn't justify policy changes.
- **Blind spots:** Drones might miss underlying problems not visible from the air, potentially affecting coverage.

They should not be relied on to be the sole source of assessing a roof.

- **Privacy:** Some homeowners may feel uncomfortable with drones flying over their property. Ensuring privacy is respected is important.

## **What Can You Do?**

- **Understand your coverage:** Familiarize yourself with your homeowners insurance policy, particularly regarding roof damage.
- **Request comprehensive inspections:** If concerned that a drone inspection might miss critical issues, ask for a follow-up physical inspection or provide a report from a licensed home improvement contractor.
- **Document your roof's condition:** Regularly take photos and keep records of your roof's. This documentation can resolve potential disputes with your insurance company.
- **Communicate with your insurance agent:** If you receive a notice about potential policy nonrenewal due to roof conditions provide additional documentation and contact us.

Drones are transforming the way insurance companies assess properties, making the process faster and safer. However, as a homeowner, staying informed and proactive can help ensure this technology works in your favor. If you have questions about how drone use in underwriting impacts you, give our agency a call. We can help you navigate these changes and keep you informed about insurance developments.

# Is your driving data meeting your coverage options?



Telematics is an emerging underwriting tool in the auto insurance industry, bringing a blend of technology and data analysis to create more personalized insurance policies. If you've ever wondered how you can potentially lower your car insurance premiums by driving safely, telematics might be the key.

## **What is telematics?**

Telematics refers to the use of telecommunications and informatics to send, receive and store information related to vehicles. In the context of auto insurance, telematics involves installing a small device in your car or using a mobile app that tracks various aspects of your driving behavior. This data includes speed, braking patterns, acceleration, mileage and even the time of day you're on the road.

## **How does telematics work?**

Once the telematics device or app is in place, it begins to collect and transmit data about your driving habits. Insurance companies then analyze this data to assess your driving behavior.

Safe driving practices such as adhering to speed limits, smooth braking and avoiding late-night driving can positively influence your driving score. This score is

used to tailor your insurance premiums more closely to your actual driving risk.

## **Benefits of telematics**

### *Personalized premiums*

Traditional auto insurance relies on general factors like age, gender and location to determine premiums. Telematics, however, focuses on individual driving behavior. This means safe drivers are rewarded with lower premiums, reflecting their reduced risk.

### *Incentives for safe driving*

Knowing that your driving is being monitored may seem unnerving, but it can encourage safer driving habits. Many insurance companies offer incentives for drivers who consistently demonstrate safe driving practices.

### *Accurate claims and faster settlements*

Telematic devices can provide detailed data in the event of an accident, helping to establish the cause and fault more accurately. This can lead to faster claims processing and settlements, reducing the hassle for drivers.

### *Enhanced vehicle security*

Some telematics systems include GPS tracking, which can help locate a stolen vehicle quickly. This added security feature is a significant benefit for consumers.

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**Telematics includes speed, braking patterns, acceleration, mileage, and even the time of day you're on the road.**

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## **Privacy concerns and data security**

While telematics offers many benefits, it's essential to consider privacy concerns. Reputable insurance companies adhere to strict data protection standards, ensuring that your information is secure and used solely for insurance purposes.

By leveraging technology to monitor and reward safe driving behaviors, telematics can help drivers take control of their premiums and drive more safely. As this technology continues to evolve, it's worth considering if telematics-based insurance could be a good fit for your driving habits and insurance needs.

# Protection from cosmic events: solar flare insurance



On Friday, May 10, 2024, millions of people worldwide witnessed colorful aurorae in both hemispheres. These intense aurorae were triggered by one of the strongest geomagnetic storms measured in over 20 years.

The National Oceanic and Atmospheric Administration's Space Weather Prediction Center has announced that the sun is approaching "solar maximum," the peak of its 11-year solar cycle. During solar maximum, geomagnetic storms and solar flares increase in intensity and frequency until the sun's magnetic poles shift positions; the entire process takes one to two years to complete. While the increase in intensity and activity may produce

an increase in aurora light phenomena, radiation displacement from solar flares can also cause temporary disruptions in radio, telecommunications, satellite and electrical technology.

Our financial institutions rely on an interconnected framework of digital satellite and internet platforms. Even temporary disruptions to these systems from a significant solar event could be capable of causing destabilization in our market flows and trading systems, which could further affect ATMs, cyberbanking, transactions and cybersecurity. At the very least, a temporary disruption in banking could impact the public's faith in the financial system.

Just the heightened awareness of speculative instability can attract cybercriminals to seek and exploit current vulnerabilities, increase phishing attacks and be poised and ready to escalate vulnerabilities created by solar weather events.

Consumers should be proactive and evaluate their current level of cyber security awareness and resilience. They should create backup systems to protect data and maintain a diversified communication system. If you have questions about cybersecurity insurance, our agency might be able to help you find a policy to suit your needs.

## News from our agency

### Working with an independent agency

When it comes to insurance coverage, there are blind spots customers need to watch out for. After all, who could have anticipated an earthquake in the Northeast? How many people are aware that their driving data can be used to gauge coverage? That's the importance of finding an insurance agency you can rely on, one that keeps an eye out for the most pressing issues facing the industry and you, our customers.

From natural phenomena like seismic events and geomagnetic storms, to more common issues like drones, telematics and your privacy, our agency can help you find coverage that suits your needs. Give us a call today!

