

TOP TEN MYTHS REGARDING MOBILE HOME PARK INSURANCE

1. Tornadoes hit more manufactured home than other structures: False. HUD code manufactured homes are damaged at about the same rate as site built homes;
2. You should insure your property for what you bought it for. False. You should insure your buildings, homes and other improvements for their replacement cost whenever possible.
3. If I suffer a large insurance loss, my insurance will be cancelled immediately or non-renewed. Partially true, as a large loss can result in a non-renewal notice in the future. But insurance companies can't cancel policies during the policy period no matter how big the loss, unless you've changed substantially since you applied or there are misrepresentations on the application. Also, Insurance companies will focus more emphasis on the cause of the loss than its size. If the loss was no fault of your own, you're much less likely to be non-renewed.
4. If my tenant causes a problem, it's not a worry of mine: False. When a tenant does something that causes another to suffer bodily injury or property damage (examples – has a dog that bites another tenant or a trampoline on which someone is hurt), the person that suffered the loss will generally sue the offending tenant as well as the park owner who allowed him in the park and didn't police his activities very well.
5. Once I've sold a manufactured home, my liability associated with owning it stops. False. Most states have laws requiring that every manufactured home sold must be habitable. In addition, each must be safe for its intended purpose. About 1/3 of all liability losses faced by manufactured home sellers relate to problems that occurred well after the home was sold;
6. It makes no financial sense to insure lower value rental manufactured homes because payouts are limited when a deductible may be 25% of the home's value: False. Even with older lower value homes, insuring them all on a master policy will give you the capital you need to restart your operations in the event of a catastrophic even. Deductibles are often only applied to the first five or ten homes listed on a policy.
7. You can't buy adequate insurance on a Mobile Home Park on the Coast. False. You can buy proper coverage in most cases, but the cost will be more than non-coastal similar parks.

8. HUD code manufactured homes perform worse during bad wind storms than site built homes: False. Statistics show that when properly installed, manufactured homes perform as well or better than site built structures. Manufactured homes are made to a consistent federal standard at a minimum. Site built structures are built to local codes which vary widely;
9. If you want to save money on insurance, the best way is to undervalue the insured improvements. False. Undervaluing insured buildings and other improvements will likely result in huge coinsurance penalties that take away a large part of any otherwise due settlement offer. Using higher deductibles is an actuarial proven better method of saving on insurance premiums in the long run;

You can't buy loss of business income insurance on a mobile home park that helps you: False. You can buy coverage that pays for debris clean up on home sites, loss of income during the cleanup phase, and loss of income after you reopen for a period of 6 to 12 more months. Loss of income losses on mobile home parks aren't often, but when they do happen they are generally very large;

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President of Mobile Insurance, an agency specializing in insurance for manufactured home communities and retailers. Named top commercial insurance agency by American Modern Insurance Group. Member of numerous insurance companies' policy development and advisory teams. One of largest manufactured home specialty agencies in the country. 2017- Present Founder and Publisher of the Manufactured Housing Review, an industry publication dedicated to Manufactured Home Industry professionals. www.manufacturedhousingreview.com

