



HALO COVERAGE: ROOF REPLACEMENT AFTER WIND DAMAGE CASE STUDY

831(b) Plan Producing Company Profile

INDUSTRY	Multi-Family Housing
ANNUAL GROSS REVENUE	\$1.5 Million



BACKSTORY

Sunrise Apartments, a **300-unit multifamily housing complex in Southern Florida**, is managed by Coastal Residential Group. Given Florida's frequent hurricanes and tropical storms, the company maintained a commercial property insurance policy. However, due to the age of the buildings, their policy **only covered actual cash value (ACV) for roof damage**, rather than full replacement cost.

Understanding the potential financial risk, Coastal Residential Group secured **Halo Coverage with a \$1 million policy limit** to help mitigate the gap between **ACV and full replacement cost** in the event of a storm.

RISK DESCRIPTION

Coastal Residential Group's property insurance **did not provide full replacement** cost for their roofs, meaning:

- **Total roof replacement cost for the complex: \$4.2 million**
- **Primary insurance payout under ACV terms: \$2.8 million**
- **Funding gap left for replacement: \$1.4 million**
- **Halo Coverage limit: \$1.0 million**

While Halo Coverage would not fully cover the gap, it would significantly **reduce the out-of-pocket burden**, helping the company avoid major financial strain and maintain the property's habitability.

INCIDENT

In **September 2023**, a tropical storm with **90+ mph winds** caused **extensive damage** to the roofing system at Sunrise Apartments:

High winds **tore off sections of shingles and waterproofing layers**, leading to severe leaks across multiple buildings.

Emergency mitigation efforts helped prevent interior damage, but a **full roof replacement was necessary**.

Under their **ACV-based commercial policy**, Coastal Residential Group received only **\$2.8 million**—far short of the **\$4.2 million** replacement cost.

RESOLUTION

Coastal Residential Group **filed a claim under their Halo Coverage policy**, which responded as follows:

1. **Claim Filed:** The management company submitted damage reports and insurance statements confirming the ACV payout.
2. **Claim Processed:** Halo Coverage determined the loss met its coverage criteria and calculated the eligible payout up to the \$1 million policy limit.
3. **Claim Paid:** \$1.0 million was issued to cover a significant portion of the replacement cost gap.

Claim Breakdown:

- **Total Roof Replacement Cost: \$4.2 million**
- **Primary Insurance Payout (ACV Coverage): \$2.8 million**
- **Halo Coverage Payout (Limited to Policy Cap): \$1.0 million**
- **Remaining Out-of-Pocket Cost: \$400,000**

While the company still had **\$400,000 to cover**, the **\$1 million Halo Coverage payout absorbed the majority of the funding gap**, allowing them to:

- ✓ **Complete roof replacements on schedule**
- ✓ **Minimize financial disruption and avoid passing costs to tenants**
- ✓ **Remain compliant with updated Florida building codes**



KEY TAKEAWAY

- Standard property policies often leave businesses exposed by **only covering actual cash value (ACV) rather than full replacement cost**. Without supplemental protection, businesses must **absorb massive expenses** when major repairs are needed.
- In this case, **Halo Coverage provided a crucial \$1 million payout, significantly reducing financial strain and enabling timely repairs**. While it didn't fully cover the shortfall, it ensured Coastal Residential Group could restore their property **without drastic financial repercussions**.
- For property owners managing large, aging assets, **Halo Coverage provides critical financial protection against coverage gaps in commercial insurance policies, ensuring smoother recovery after severe weather events**.

