

IS MY HOUSE UNDER-INSURED?



3 OUT OF 5 HOMES ARE UNDERINSURED



Some homes are underinsured by at least 60 percent and the average is about 22 percent. CoreLogic estimates that three out of five American homes are underinsured by an average of 20 percent. Make sure to check with your Insurance Agent every year to review your policy.



INSURED VALUE



REPLACEMENT VALUE

Construction Costs have increased 23% since 2019!

Being underinsured means that you don't have enough home insurance coverage to protect you if your home is damaged or destroyed in a fire, storm or by water damage or any other type of disaster.

Not having enough insurance can result in you paying a large part of the repair construction costs out of your own pocket.

Make sure you have the adequate replacement value for your home's contents. There is structural insurance and content insurance. Make sure you have both!

For example, if you're underinsured by 20 percent, and your house costs \$400,000 to replace, you'd be short by \$80,000.



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KEY TAKEAWAYS

- Structural Insurance - If you tipped your house upside down, whatever doesn't fall out is considered Structural.
- Contents Insurance - Everything that fell out of your house when you tipped it upside down.
- These are separate policies. Make sure you have both covered!

- Inform your insurance company if you renovate your home or add any new features and update and review your policy accordingly.
- Buying replacement coverage for your home and personal belongings is a good way to make sure you can rightly repair and rebuild your home if a disaster strikes.



Avoid home insurance coverage minimums



The minimum liability protection you can get is usually \$100,000, but experts recommend three times that, so \$300,000!



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Jewelry

Art

Antiques



Assess your exclusions and endorsements

Personal possessions that are worth a lot, such as jewelry, art, antiques, guns and any special collections, are usually limited to \$2,500 worth of coverage. If your items' exceed this amount, it's wise to purchase extra coverage, called a rider or endorsement, up to the limit on these types of items. You'll need to provide receipts and appraisals to document replacement costs.

Document your personal belongings by creating a home inventory with photos and receipts. Most insurance programs provide downloadable home inventory apps that make the process easier and headache free.

You should also review your exclusions and endorsements, the parts of your policy that give or take away coverage. Endorsements can ensure you are fully protected and are typically very affordable. Reviewing your exclusions will help you determine how to protect your home from severe weather and if you need to buy more liability insurance.

Endorsements

You can get an endorsement for expensive personal possessions, as explained above, but there other important ones you should know about.

Sewer and sump-pump backup: For instance, adding sewer and drain backup coverage to your homeowners policy is wise. It is one of the most common homeowners claims, averaging \$10,000-\$20,000 in expenses, and it is almost always excluded from a basic policy.

Special personal property coverage: Damage to your electronics from what insurers call a "named peril," or lightning, fire, or water damage that's not from flooding, is covered under a standard policy. But if your electronic devices are zapped by a power surge, it's not. But you can get a special property endorsement for such situations.

Home-based business: If you have just a simple home office, you can typically get a home-based business endorsement to cover your office equipment and related property. But if you have a daycare, dog grooming or other type of full-fledged operation, you will need a separate commercial business property to ensure full coverage.

EXCLUSIONS

Dog breeds: Typically a home insurance policy's liability coverage has included dogs. But a growing number of home insurers now exclude "dangerous" breeds from liability coverage due to the increasing amount – and cost – of dog bite claims. Others require dog owners to sign liability waivers for dog bites. If you have a dog, be sure to check your policy to see if it is excluded from liability coverage or not.

Some insurers, including Liberty Mutual, Nationwide and Amica, don't discriminate based on breed and evaluate your dog based on its history and behavior. Also, some states, such as Maryland, Pennsylvania and Michigan, don't allow insurance companies to deny coverage to owners based on a specific breed of dog. However, that doesn't prevent insurance companies from charging higher premiums, so some dog owners may still have difficulty getting coverage.

Wind and hail: Damage from wind and hail is covered under standard policies in some states, but in some others, it is not. Insurers in states where hurricanes and tornadoes are common sometimes put wind and hail exclusions in home policies. That means damage isn't covered unless you buy separate wind and hail coverage. There are also exclusions for cosmetic roof damage from hail, which means if the roof is structurally damaged, you can file a claim, but if it is dinged up, you can't. Be sure to check your policy for wind and hail exclusions to be sure you're sufficiently covered

The Bottom Line

Review your homeowner policy every single year.

Update your Insurer if you make any improvements or additions to your home (including exterior features like pools, decks, fences.)

You may need extra insurance for your household items, especially if you have expensive items. It's well worth the minor amount you'll pay every month if something tragic were to ever happen to your home. Check your Endorsements & Exclusions.



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