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## Review Homeowners Insurance Before You Need It

*By Glenn Haege, The Detroit News, October 11, 2013*

When you hear me say “proper prior planning prevents poor projects,” I’m usually talking about home remodeling. However, the same adage applies to your homeowners insurance.

Too often people don’t review their coverage and then find it is insufficient when a disaster occurs.

Rick Sovel, an independent insurance agent with Michigan Community Insurance Agency, (248) 465-6200, michigancommunity.com, said basic policies generally cover your structure — detached structures like a garage, your home’s contents and liability coverage in case someone is injured on your property.

When reviewing your insurance, he said check to see if you have the more extensive coverage provided in Homeowners Policy Form 3 (HO-3), which he recommends over the basic coverage provided in a Broad Form (HO-2) policy.

However, even if you have the HO-3 policy, it doesn’t cover every disaster.

“Water damage from a bursting pipe or overflowing toilet would be covered,” he said. “But our top water damage claims are the result of faulty sump pumps or sewer backups, which aren’t covered unless you have an optional rider to your basic policy.”

He also said any water leaks through cracks or crevices in your basement walls, a common problem, isn’t covered in a basic policy, and you can’t buy an optional policy to cover it.

While your home’s contents are covered in these basic policies if stolen or destroyed, the Insurance Information Institute (iii.org) indicates that most insurance companies provide coverage for only 50 percent to 70 percent of the amount of insurance you have on the structure of your home.

Sovel also said you should talk with your insurance agent if you have expensive jewelry or collectibles such as antiques, vintage guitars, baseball cards, stamps or coins. These items, depending on their value, could exceed the coverage provided by a basic policy, and may require a rider.

Cheryl Bowker, an Allstate agent in Livonia, (734) 525-9610, allstate.com, said that while basic policies generally covers damages caused by “sudden and accidental” events, they also provide some

level of total replacement coverage in the event your home is destroyed by fire or a natural disaster like a tornado. However, there is more than one type of replacement coverage available.

“I recommend getting a total replacement policy rather than a replacement policy based on the home’s market value,” she said. “The total replacement policy will provide 100 percent of the cost of rebuilding the home, even if it costs more than its current market value.”

Depending on how old the home is, Bowker said that can also cover the cost of rebuilding the home to meet the newer, stricter building codes for plumbing, electrical and other items.

“Most policies also provide coverage for living expenses in the event the home is destroyed, such as renting another home while yours is being rebuilt,” she said. Bowker said policies do have time limitations and limits on the amount of living expenses covered, but you can purchase additional coverage if you want.

Regardless of the coverage you have, both Sovel and Bowker said it is important to take preventative measures to help avoid certain disasters and to make sure you are prepared when that burst pipe or fire occurs.

“Even though you are covered for a burst water line going to your toilet or faucet, I recommend upgrading to stainless steel lines so you won’t have to deal with such a disaster,” Sovel said.

Bowker recommends doing a photo and video inventory of your home and its contents to help with any insurance claims, but to make sure you store them in a safe place. “It is better to keep them in a safe deposit or fireproof box.”

She also said Allstate and other insurance companies offer customers smartphone and tablet “apps” that allow them to take photos or videos of their contents and then store this digital documentation on the company’s “cloud” for safe keeping.

As winter nears, the chance for disasters such as roof leaks from ice dams or fires from faulty space heaters increases. So now is the time to talk with your agent to make sure you have the level of homeowners insurance you need to cover these potential disasters.

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