

4 Ways to Double Check Your Homeowners Insurance Coverage

Have you checked your homeowners insurance policy lately? If you don't take time to buy and maintain the right amount and kind of homeowners insurance, you can waste a lot of money and end up without full protection. Don't blindly trust that your insurance company has you fully covered. An insurance salesperson's main objective is to sign you up as a paying customer. In most cases, they will gather basic info from you, run it through a computer program, calculate your policy limits and give you a fast price quote. The nation's leading construction cost data provider estimates that 2/3 of the homes in the United States are underinsured.

Your objective should be to **"insure to value,"** protect yourself against local risks, and take advantage of competitive pricing and discounts. The dollar amount of your **"Coverage A" Dwelling limit** should be as close as possible to what it would cost to rebuild your home if it burned to the ground.

Here are 4 ways to double check your "Coverage A" dwelling limit and avoid being underinsured:

The Agent Method – Work with a knowledgeable and helpful agent or broker

- Take the time to explain your property...details, unusual features, collections, etc.
- Confirm that you have adequate replacement coverage, follow up in writing
- Take notes, keep them safe
- Follow reasonable recommendations to increase limits,
- Buy the biggest extended replacement cost endorsement you can afford

The Professional Appraisal - Arrange for a professional home replacement cost estimator or building contractor to come to your house and provide an estimate of the cost to rebuild. Many insurers offer this service at no charge.

The Software Method - Spend at least a half hour inputting information about your home into an online replacement cost program:

E2 Value "Pronto" \$25
www.e2value.com

HMFacts \$7.00
www.hmfacts.com

The Rough Math Method - Rebuilding costs vary with a home's features and location, and are generally expressed as "per square foot." Divide your current dwelling insurance limit by your home's square feet of living space – that's how much insurance money PSF you'll collect after a loss. Contact a local contractor to get the approximate PSF cost of rebuilding a home like yours. Multiply your home's square footage by that cost and compare it with your Coverage A limit. Adjust where necessary.

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