

## Reviewing Your Home Owners Insurance

There are no stupid questions when purchasing insurance or reviewing your current policy. An insurance policy is a legal contract that may be loaded with technical terms, and hard to understand. Read it before you sign and if you have a question, ask. Be very specific in the questions you ask and try to get all answers in writing.

*For example:*

1. Who is covered? If a volunteer is injured when helping to clean up after a hurricane, is he covered? How much of his medical bill would be covered?
2. What is covered? Is my car covered if a tree falls on it when it is parked in the driveway, or do I need a separate policy? Is it covered if it is in the garage? Is the cost of tree removal covered if the tree does no damage?
3. Am I covered for direct losses due to fire, lightning, tornadoes, windstorms, ice storms, hail, explosions, smoke, terrorism, vandalism and theft?
4. Are my jewelry and antiques covered?
5. What happens if I decide not to rebuild my home? Can I rebuild a different house plan — larger or smaller than my present home?
6. If a pipe bursts and water flows all over my floors. Am I covered? What if the dishwasher leaks and ruins the floor? Am I covered?
7. What if water seeps into my basement from the ground, either due to flooding or sprinklers? Am I covered?
8. If a storm causes a power outage and all the food in my refrigerator or freezer is spoiled and must be thrown out, can I make a claim?
9. Are children and their possessions covered when they are away at college?
10. Does my homeowner policy cover the loss if something is stolen out of my car?
11. Is my boat covered if it is stolen? Am I covered if there is a boating accident and I am sued?
12. Am I covered if I need to rebuild my home to a new, stricter building code?
13. Exactly what is not covered? Have you ever heard that an “act of God” is not covered? What is an “act of God”?
14. What personal expenses are covered after a disaster? Be specific! If you cannot inhabit your home because of a fire, will the insurance policy pay for hotel bills? For how long? Car rentals? For how long? Meals? For how long? Medications, clothing replacement, school supplies?
15. When can you begin collecting? We had a friend who lost his shop and storage building to a fire. Professionally, he was a shop and welding teacher, and the building was full of tools and equipment. He had to purchase new items and submit the receipts to the insurance company who then reimbursed him. Can you imagine trying to do that with an entire household? Think of the amount of money you would have to lay out up front.
16. Will they charge for an inspector to come out? We recently had a leak in our wall after a severe rainstorm, with blowing winds. A gutter overflowed, and water soaked the insulation and sheetrock, and soaked some carpet as well. When we called the insurance company we were told it was not covered because it was a maintenance issue and therefore not covered. How could they know that over the phone? We were also told if they came out for an inspection and it was not covered, we would be charged for the inspection. Obviously, we were not happy.
17. How do you report a claim? Do they have a 24-hour hotline? No matter what the answer to this question, always call immediately after a disaster strikes. In the case of a widespread disaster such as an earthquake, claims will be handled in the order they are received so leave a message on a machine if you can't get someone on the phone. Always have several phone numbers for your insurance company and agent in your 72-hour kit.
18. What is the premium (amount you will pay)? How often is it due? Is there a grace period? When will it increase? Will it increase every time I make a claim — to the point that I won't want to make a claim because of the penalization?
19. How much is my deductible?
20. Does the policy cover actual cost or replacement cost?