

HOMEOWNERS INSURANCE CHECK – UP

Has the insurance company changed my coverage recently?

Insurers may change your policy terms at renewal but they must notify you. Read all notices and information you receive from your homeowner insurance company. If you're not sure whether your policy has changed, ask your agent or the company.

To receive free homeowners insurance publications, to ask insurance questions, to obtain company and agent information, and/or to file a complaint, contact the Arizona Department of Insurance or visit its website:

Arizona Department of
Insurance
2910 N. 44th Street, Suite 210
Phoenix, Arizona 85018
(602) 364-2499
(800) 325-2548
<https://azinsurance.gov>

April 2015

WHY: An insurance “check up” is simply a periodic review of your coverage to make sure that you have the appropriate coverage in place. An annual check up will help avoid unpleasant surprises after a loss occurs.

WHEN: Check your policy annually, at renewal for instance, *or* when you know of a significant change in the value of your home or belongings.

HOW: Just call your insurance agent and say you'd like to go over your homeowners coverage. Read your policy so you are prepared to ask questions.

QUESTIONS TO ASK YOUR AGENT:

Is the coverage on my home adequate?

If you think the value of your home may have increased (if you put on a new addition or make significant upgrades, for instance) or if the cost to rebuild your home has increased, discuss the adequacy of your dwelling coverage with your agent. Market value is an indicator that the cost to replace your home may have increased, but insurance is based on "replacement cost" not market value. If your dwelling is underinsured it could mean you will not receive the full benefits available under the policy should you have a total loss.

Is the coverage on my home's “contents” adequate?

For example, if you receive an inheritance or valuable gifts, if you buy a new computer or large appliances, or if you sell off significant amounts of personal property, talk to your agent to be sure that your contents coverage is appropriate.

How much will raising my deductible save me on my premium payments?

Policyholders may significantly reduce their premium payments by raising their deductible.

Do I have Replacement Cost or Actual Cash Value coverage on my dwelling? On my contents?

Replacement cost is what it would cost to completely replace your house or any part of it, or replace your belongings with new items of "like kind and quality" without deduction for depreciation. Rebuilding your home could cost more or less than the "market value" of your house.

Insurance policies often restrict the amount of replacement coverage. Make sure you understand the *maximum limit* on your replacement cost coverage.

Actual Cash Value (ACV) is the cost to repair or replace the damaged property with materials of like kind and quality, less depreciation of the damaged property. This generally applies to your "contents" coverage but there are policies that pay ACV on dwellings, as well.

Do I have or need coverage for "Increased Cost to Changes in Building Ordinances"?

When building a house, there are government requirements that builders have to follow (using a certain type of wiring, installing sprinklers, for example). These changes can increase the cost of rebuilding your home. You can purchase coverage on your homeowners policy to pay this additional cost in the case of a loss.

Do I have or need "Inflation Guard" protection?

Many homeowners insurance policies issued today

provide this, but you should ask your agent about it. This coverage automatically increases the amount of dwelling insurance to help prevent your home from being underinsured.

Do I have or need special coverage for adjacent structures, jewelry, firearms, furs, art, computers?

Most homeowner policies provide some basic, very limited coverage for these items. However, depending on the amount and value of your property, you might want to purchase additional coverage.

Do I need to appraise any of my belongings?

It's a good idea to have valuable items appraised, especially if they cannot easily be replaced, for example, antiques, jewelry, coins, and artwork. With an appraisal, your agent can more accurately evaluate whether your contents are adequately insured. Further, you should maintain a list naming each item and providing a brief description of it in case of loss.

Do I have an "all risk" or "named peril" policy?

Be sure you know which type of policy you have and what causes of loss will be covered.

All Risk: Most, but not all, homeowner insurance policies sold are "all risk" which means they cover the largest number of causes of loss (freezing, collapse, fire, windstorm, smoke, etc.). However, there are some exclusions in *all* homeowner policies, including but not limited to damage caused by flood, war, neglect, and power failure.

Named Peril: Some homeowner insurance policies limit the covered causes of loss to those specifically listed or "named" in the policy.