

# ARE YOU COVERED?

Scrutinizing your homeowner's insurance can save you in more ways than one.

Insurance industry experts recommend that homeowners examine their policy every year, and if you have never really looked closely, you can start by scanning for a few basic items.

## YOUR HOME'S VALUE

Home values can change, and it's important to know how much your home is worth so you have adequate coverage should something happen to damage or destroy your home. In fact, a homeowner's policy is often viewed as perfunctory with little attention paid to the details. But the details can make a huge difference if a homeowner does need to file a claim, says Leanne Corbin, the owner and agent of Corbin Insurance Agency on South Washington Street in Crawfordsville. The Corbin agency works with several insurance companies to find the best match for the client.

"If you have a loss, and it's not covered, people get very upset," she says. In other words, don't make assumptions about what is and what is not covered.

"Sometimes if you would have talked to your agent beforehand, it could have been taken care of very simply," she notes.

The first item to scan on the policy is the dwelling amount, explains Jennifer Mellady, personal lines manager at the Underwood Agency, an independent insurance agency, on Ferry Street in Lafayette. Replacement coverage is the key phrase when it comes to evaluating the dwelling's value. The policy should cover more than the dwelling is worth because of the increasing costs of products and labor to replace it in the event of a disaster.

"Your house was originally insured for \$100,000, and it could take \$130,000 just a couple of months later to replace it," Corbin says.

"That's why it is really important that your agent review the policy every year to make sure that you do have enough coverage."

Insurance companies offer what is called a guaranteed replacement policy, which means that the home is insured for 100 percent of the rebuilding costs, but if there is a total loss and the construction runs over the projected costs, the insurance company guarantees it will pay the difference, Corbin says. Some companies set a limit—perhaps 25 percent more than what the value is—and other companies are unlimited with the amount they will pay in a guaranteed replacement policy. Not every home qualifies for this type of policy, she adds. Electrical service, roofing and the furnace must have been updated within the last 20 years to qualify.

## WATER SEEPING IN

In January 2008, the flooding from melting snow and heavy rains became so bad, emergency personnel found it necessary to evacuate some residents who lived along the Tippecanoe River in Buffalo, northern White County. In May and early June, residents in more than 40 Indiana counties felt the impact of severe flooding, including in Battle Ground, Tippecanoe County, where residential properties were destroyed and severely damaged by rain, flash flooding, tornadoes and winds.

However, the standard homeowner's policy does not include flood insurance, and it isn't always easy to obtain it, notes Corbin.

If you don't live in a designated flood zone, you must live in one of the 20,000 communities across the United States that participates in the federal government's National Flood Insurance Program (NFIP) in order for a homeowner to purchase flood insurance. The NFIP works to enforce

ordinances to manage floods and in exchange, offers homeowners, renters and businesses in these communities flood insurance. If you are interested in purchasing flood insurance, Corbin suggests contacting your insurance agent before contacting the NFIP to find out whether flood insurance is available where you live.

The standard homeowner's policy does come with coverage for items such as a pipe freezing and breaking or a hose coming off the back of your washing machine and damaging your house.

You can purchase even more coverage for accidental water damage for about \$75 a year, and that covers incidents like sewers and drains backing up and overflowing during a storm.



"If your sump pump fails to work during a storm and water backs up in your basement, those are things that you can put on a regular homeowner's policy," Corbin explains. "If the exposure is there, we recommend that additional coverage to people."

### DOCUMENTING THE CONTENTS

In the event of a total loss, such as a fire, you might not receive the amount you think you should for the loss of the contents of your house if you have not documented what was in there, says David Voteau, exclusive agent for Allstate Insurance Co. on Main Street in Lafayette.

He recommends taking pictures of every room including clothes in the closets and drawers, and dishes in the cabinets.

"With a severe catastrophe, it's tough to remember exactly what I had sitting on the table in that room," he says.

Homeowners should also notify their agent about any home improvements and contact the agent before the renovation starts, says

Voteau. In case there is a problem with the work and the homeowner needs to file a claim, the insurance company was aware of the remodeling and there are fewer questions regarding the details of the construction.

Finally, Voteau suggests that all homeowners purchase a relatively new product that is available on a homeowner's policy: identity theft restoration. This covers homeowners for costs incurred and the time involved to restore your credit if you are a victim of identity theft. The coverage includes assistance such as costs for attorneys' fees, reimbursement for lost wages, mailings, making phone calls, and contacting creditors. Restoration is an important word because the coverage does not include money that might have been lost during the ID theft itself. The coverage is inexpensive: about \$40 a year for \$25,000 worth of assistance in restoring credit.

### LIABILITY COVERAGE

A standard homeowner's policy comes with liability insurance, which means that you are covered if there is a fire or another event that

spreads to neighboring houses. Most policies have a minimum of \$300,000 liability insurance, says Verna Pasley, insurance agent at American Family Insurance on South Street in Lafayette.

"So you want to make sure your homeowner's policy really covers your liability," she says. "If there is a liability and you are deemed at fault, then medical expenses, property damage and legal defense should all be built into that."

### BEING PROACTIVE

Detailed and timely communication with your insurance agent is a good way to make sure that you are covered if and when you file a claim on your home. If there is a delay in responding to a claim, it's not because of intent not to pay, notes Voteau. In an event where many homeowners are filing at once, staffing issues may prevent companies from responding to every claim immediately.

Insurance companies are there to pay the claims, he says. "When these big events happen, everybody wants their situation taken care of now, and it's tough." ❖

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