

# Homeowners Insurance Simplified · Getting The Best Coverage at The Best Rate

For most people, your home is your most valuable asset. Whether you own a traditional house, a condo, townhouse, coop or tiny home, there are very specific types of homeowners policies for each. Even if you are renting, there is an insurance policy form for tenants that insures your personal property and also provides liability insurance. When was the last time you really looked at the limits of coverage, deductibles, endorsements and coverage form on your policy to know what you are covered for and also what is excluded? Maybe never or just when you first made the purchase. Maybe now you just notice the price of your renewal. You may have purchased the homeowners policy to comply with a lender's requirement to meet the amount you were borrowing with the coverage limit for the structure of your home being the same as your mortgage amount, or interior of your condo, townhouse or coop. This is not how to arrive at the limit of coverage for the structure, since the limit should be what it would cost to replace the structure (or unit interior in the case of a coop or condo that you are responsible for). The limit should also not be what market value is, as this could exceed the replacement cost of the structure, since land is a factor in market value. The reverse can also be true where you need more coverage than market value due to the house being higher-valued, unique or Victorian home or you may be in an area where market values are low due to being in a depressed, remote or not popular area. If you have had a policy renew for many years, often this structure limit may have overinflated or you are underinsured. The insurance company is never going to pay more than it would cost to rebuild your home in the event of a total loss, so you may want to contact your agent or company to see if your structure, or condo/coop interior limit needs to be changed. At our agency, we complete detailed cost estimating charts that calculate the approximate replacement cost unique to each home, based on year built, location, square footage, style of construction and features. If you have a condo or coop your by-laws should indicate what your responsibility is for the unit interior. Would you have to replace sheetrock, flooring, electrical wiring and plumbing pipes and fixtures? Possibly yes, and also any improvements you have made. Have you renovated your kitchen or bathroom(s)? Your unit interior limit should be sufficient to replace all of this in the event of a total loss.

What type of policy and coverage do you have? Fire insurance would be common to all properties, but beyond that, do you know what else you are protected against? If you own a home, it is recommended you have a replacement cost endorsement



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for the structure that will pay above the limit specified on the policy, which is typically capped at 125% or 150% of your structure limit. This is to your advantage to have this "cushion" of extra insurance, since materials and labor increase ever year. On all forms of homeowners policies you should also have an endorsement for replacement cost for personal property. Your clothing, electronics, furniture and other common items would qualify for this coverage but be careful, since there are strict limitations for certain classes which would not qualify and only be insured on an actual cash value basis (with depreciation for age taken into consideration). Examples of items where there would be limitations in your policy may be jewelry, art, antiques, collectibles, or anything not commonly replaceable. Items such as these can either be added by endorsement to the policy on a scheduled basis, with an itemized list, or blanketed with a lump amount assigned to a particular class, so as to insure them at their current value.

It depends on the homeowners insurance company how this is handled. You can also buy a separate policy for valuable items, which is commonly used for items too high in value to be added to the homeowners policy. Several of our customers have separate policies for extensive lists of jewelry, art or antique items. Coverage is broader when you specifically name items and theft on and off your residence premises applies. For

example, a stone falling out of your ring would be insured this way as an endorsement on your homeowners policy or on a separate policy, but not typically on an unendorsed policy.

Water damage is one of the most common types of claims. But what type of water damage is covered and what is not? Generally, a sudden and accidental pipe that bursts and causes damage would be a covered claim. The repair of the plumbing probably not but the resulting damage, yes. However, if this is a result of leaking or seepage over time this could be considered "wear and tear" and excluded. Ice or snow melting and entering through your roof or backing up through gutter generally is covered, but only if you have "special form" coverage. This is something to check on with your own homeowners, condo, townhouse, condo or coop policy. Damage to the personal property should be covered as well as sheetrock repair and painting. What water damage might not be covered? Anything relating to water entering through ground level, flooding or water backing through sewers or drains. These types of claims could be covered by buying a flood insurance policy and an endorsement on your homeowners policy is usually available for the damage caused by sewer or drain back up.

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\*Savings amounts are based on information from The Hartford's AARP Auto Insurance Auto Insurance Program customer who became new auto insurance policyholders between 7/1/13 and 6/30/14 through the traditional AARP Auto Insurance Program and provided data regarding their savings. Authorized agents can also provide coverage under this Program. Your savings may vary.

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Personal liability insurance usually comes with all forms of homeowners insurance. This section of the policy provides coverage and legal defense costs for bodily injury or property damage you or any "insured" may cause through your negligence. By definition (on a New York homeowners form), "insured" means Your relatives or other persons under 21 and in your care or in the care of a relative who is a resident of your household, a student in school full-time who was a resident before moving out provided the student is under 24 and your relative or under 21 and in your care or care of a resident of your household who is your relative. Common situations where there may not be coverage would be any intentional injury, for example your child gets into a fight and someone is injured or damages property on purpose. Many homeowners policies now have exclusions of liability for underground oil tanks that may leak and cause contamination, dogs that may bite and cause injuries and trampolines where children could be injured. If you operate a home based business, depending on the nature of what you do or sell, there may be not only an exclusion for your business operation itself, but an exclusion of coverage for a structure on your property you are using for storage or for your business in any way. Sometimes you can get these coverages back by changing companies or adding an endorsement to an existing policy.

Homeowners insurance is not something to buy on line. There are so many policy types, companies and endorsements that only a licensed professional can guide you to making the best choice of coverage and finding the best price for what you need. Also, using an broker that only has one company is

certainly limiting with only having one option. At Karas Insurance Agencies Inc., we represent many companies for all types of homeowners insurance. Even if you have a history of claims, a dangerous dog breed, an underground oil tank, an unfenced pool, a business in your home or poor credit, we can find a policy for you. Besides over 10 companies we can place homeowners insurance with, we represent The Hartford Insurance Company AARP program. Just by being 50 and over you can benefit from joining AARP for a small fee and take advantage of the low rates and homeowners policy features such as guaranteed lifetime renewal, disappearing deductible and a 20% discount if Hartford also insures your car(s). Might as well take advantage of your age and see what savings you may experience! As an independent insurance agency, representing more than 10 companies since 1973, we have only licensed professional with many years of experience to provide you with a friendly price and coverage quote or comparison against your current coverage. We are here Monday - Friday from 8:45 - 4:45 to help you and answer whatever questions you might have. We are located at 321 South Riverside Ave, Croton-on-Hudson, NY 10520 and can be reached by phone at 914-271-5188 or you can email me at cathykaras@karasinsurance.com.

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