

## How Can You Protect Your Home?

Your home is one of your greatest assets, and it should be well protected. It is startling to consider that 76% of American homes are inadequately insured, according to a study by Marshall and Swift.

Homeowners insurance protects against liability (in case someone is injured on your property), damage to the structure of your home and/or personal belongings, and theft. Most policies cover damage caused by certain “perils,” such as fire, lightning, and wind damage (except in certain locations). You must purchase separate policies to cover disasters such as floods, earthquakes, and tornadoes, which can be a good idea if you live in a high-risk zone.

Most insurance companies offer different levels of coverage. Standard policies usually cover a home’s contents for half the dollar limit carried on the house and reimburse only for the depreciated value of furniture and belongings. Other policies cover 80% to 100% of the value of a home, as well as its belongings.

When evaluating a homeowners policy to determine whether it is right for you, find out how much it would cost to rebuild your home. Typically, even if you are insured for 80% or more of the cost of rebuilding, your carrier will pay the cost of any repair only up to the limit of your coverage. Because of this drawback, consider a *guaranteed replacement provision*, a feature that ensures almost full reimbursement for replacement costs.

A guaranteed replacement provision places responsibility for valuation of a home on the insurance company. The insurance company conducts periodic appraisals, makes sure coverage is adequate, and automatically upgrades your policy as the value of your property increases. Of course, your premium rises automatically along with this increase in coverage. This type of policy will also pay to replace your furniture and belongings with new or equal-quality items at current market prices.

For an extra cost, additional valuables can be protected with “floaters” designed to cover such items as jewelry, silverware, furs, artwork, other value collections, and the contents of a safe-deposit box, up to a certain amount.

Regardless of your needs, you should be able to find a policy that will be well suited for your specific situation. The most important thing is to protect one of your greatest assets—your home.