



HOME OWNERS INSURANCE

for Beginners

Each year, roughly 375,000 homes catch fire and lead to around \$7 billion in losses on average. To add to fire losses, burglaries accounted for \$4.6 billion lost in recent years in the U.S. If that wasn't enough, tornado damage led to \$28 billion. Incidents like these remind us of the importance of not only having homeowner's insurance, but also of having the *right* homeowner's insurance for you. While the process of choosing insurance to fit your home and family might seem a bit daunting, a little planning and consideration now could save you thousands of dollars in the event that things take a turn for the worst. By following the tips below, you can be assured that you're adequately covered.

Your neighbor's tree falls on your house. The rainy season leaves us with soft soil prone to this and it's certainly not a fun reality to face. Fortunately, fallen tree damage is covered regardless of whether or not the tree is on your property or a neighbor's property. The downside here is that it's likely that you'll need to pay your deductible. However, your insurance company may try to go after your neighbor's insurance company instead if the fallen tree in question belongs to them, meaning that you'll be reimbursed for the deductible in that case. If a tree falls without damaging your home but blocks the driveway or other pathway, your insurance company will most likely pay to remove it. Some common situations that liability insurance typically covers include the following:

- While playing in the yard, your child throws a ball and breaks the neighbor's window.
- Your dog bites a person visiting your home. Unfortunately, some breeds your insurance company might deem aggressive are exceptions to this rule.
- Injury to a visitor from a backyard trampoline or backyard swings.
- Hospitalization from a dinner guest's food poisoning.
- Water damage that occurs inside the home from a broken pipe, fallen tree, or from the fire department putting out a fire.

While we all certainly hope these incidents never happen, your coverage will come in handy in the unpleasant event that they do. If you're on the receiving end of a liability claim, your coverage can protect you by paying for repairs needed, medical costs, funeral costs, or lawsuits filed by any injured person.

To make sure you have adequate coverage, consider the following strategies:

- You may want to increase your liability coverage through an umbrella liability policy. These policies protect you up to \$1 million or more.
- Consider opting for replacement home insurance. This covers you in the event that in the worst case scenario you need to replace your home entirely. This option is ideal in place of actual cash value coverage in that it covers more than only the possibly depreciated value of your home.
- Pay close attention to your policy's exclusions and verify with your agent whether or not any of these are a risk. You might want to consider purchasing extra coverage to close up these gaps.
- If you have any high value items like jewelry, valuable artwork or collector's items, be sure to look into adding specific coverage for these items.

In general, homeowner's insurance covers losses from burglary and theft, fire, or severe weather. Although floods might pose a danger to your home, it's worth noting that these will not be included in your current coverage without added flood insurance policies. Your liability coverage kicks in in the event that someone is injured on your property or you cause damage to someone else's home or property. Under some circumstances, your coverage might protect you against injury caused to another person not on your property. Keep in mind that these circumstances don't include intentional damage or violence.

When you're in the process of deciding what liability coverage is best for your family and your home, discuss your needs, limits and ideal deductibles with your local insurance agent. Be sure to take factors into account like fire risk, crime rates in the area, and home elevation in the event that you might need added flood insurance. Make sure you understand your risks and specific policy coverage under different circumstances. Insurance agents can help answer any questions that are specific to your individual family and property needs. Talking these things over and making sure you know your coverage ensures that if a disaster strikes, you won't be left in financial or personal ruin in the aftermath. Since our families are irreplaceable and our homes are places of safety and refuge, any dollar spent to protect them is a worthwhile investment. 🌳

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