

What Isn't Covered By Your Homeowners Insurance?

(NAPSA)—Many U.S. homeowners mistakenly believe that standard homeowners insurance protects them from a wide array of perils, according to the National Association of Insurance Commissioners (NAIC). In fact, typical property and liability policies do not cover home damage from floods, earthquakes, water line breaks, termites, mold and several other disasters.

A high percentage of homeowners incorrectly think flood damages would be covered by a standard property and liability policy, despite extensive media coverage on Hurricane Katrina victims, whose claims were denied because they lacked flood insurance.

According to the NAIC, flood insurance policies are available from the federal government's National Flood Insurance Program (NFIP) and are often sold by agents who sell homeowners policies.

Another common misconception relates to insurance payments based on actual cash value versus replacement cost. Actual cash value is the amount it would take to repair or replace damage to a home and its contents after depreciation. Replacement cost is the amount it would take to replace or rebuild a home or repair damages with materials of similar kind and quality, without deducting for depreciation.

To help homeowners better understand insurance issues, the NAIC provides extensive information on its consumer education Web site, Insure U (www.InsureUonline.org). The site is also available in Spanish (www.InsureUonline.org/espanol).

Insurance Tips For Homeowners

Consider the following when reviewing your homeowners insurance policy:



- Add insurance coverage as you enhance the value of your home and acquire expensive possessions, such as furniture, computers, stereos and televisions.

- Alert your insurance company when making any major home improvements—usually anything more than \$5,000. Also, update your homeowners insurance policy to reflect the new enhancements and prevent being underinsured.

- Backyard items, such as a trampoline or pool, may require you to increase your liability coverage through an umbrella policy that protects you in the event that someone is injured while on your property.

- As you acquire more valuables—jewelry, family heirlooms, antiques, art—consider purchasing an additional “floater” or “rider” to your policy to cover these special items. They're typically not covered by a basic homeowners or renters policy.

- It is a good idea to make an inventory of all of your personal property, along with a photograph or video of each room. Also, save your receipts for major items and keep them in a safe place away from your house or apartment. That will make it easier if you need to file a claim.

For more information about insurance, you can visit www.InsureUonline.org.