

High-End Homeowner's Insurance

Are Structures on Your Property Properly Insured?

ONE OFTEN overlooked feature of a homeowner's insurance policy is the "other structures" coverage, which is separate from the part of the policy that covers your residence.

The coverage for damage is often significantly lower than for the rest of your home, and claims are handled differently for these structures, which include decks, pools and fences.

It's important that you look at the values carefully in your homeowner's policies to ensure that your limits are enough to cover any damages should a covered event occur.

How other structures are covered

The standard Insurance Services Office (ISO) Homeowners 3 – Special Form covers other structures on the grounds where the home sits.



Other features of structures coverage include:

Water and ice – The ISO form does not cover damage to a fence, patio, pavement, swimming pool, pier, wharf or dock that results when water or ice freezes, thaws, puts pressure on or puts too much weight on them.

Uncovered events – Just like the house and the contents inside it, these structures are almost never covered for losses caused by earth movement, floods, power failure or neglect.

Different claim calculations – The ISO form permits the insurance company, when one of these structures is damaged, to pay the lower of:

- The cost to repair or replace it.
- The structure's actual cash value.

Actual cash value is typically the cost of replacing an item minus an amount for depreciation. If a 10-year-old fence would

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Examples of Other Structures

- Gazebos
- Pools
- Sheds
- Grandmother's quarters
- Decks
- Outside kitchens
- Man caves
- Fences

The insurer will consider something to be an other structure and not part of the house if it is separated by clear space from the home.

It is common for a policy to insure all of these structures for an amount equal to 10% of the amount of insurance on the house. For example, if the policy provides \$700,000 coverage on the house, it will provide \$70,000 for other structures.

Whether that will be enough depends on how much it will cost to repair and the extent of the damage. If a home has a stockade fence, a large deck and a shed, the cost of replacing all of them after a fire may exceed the 10% limit and force you to pay out of pocket for the rest.

State Law Requires Insurers to Verify Your Annual Mileage

UNDER STATE law, auto insurers are required to verify vehicle mileage at least every three years, including current annual mileage and miles driven to and from work and/or school.

California requires insurers to collect this information so that they can price their policies according to a policyholder's risk and ensure that drivers who spend more time on the road pay a higher premium than those who drive less.

Most carriers send out forms requesting annual mileage annually. If the form isn't returned, insurers are allowed to use the California Department of Insurance permitted 12-month mileage estimate of 13,000 miles.

Insurers can also ask for, but can't require:

- The policyholder to produce service records which document the odometer reading of the vehicle to be insured.
- The policyholder to install a mileage tracking device that is either provided by the insurer or made available to the insured to accurately collect vehicle mileage information.

Finally, state law permits carriers to obtain and use smog-check odometer readings from the California Bureau of Automotive Repair, the California Department of Motor Vehicles, or any other governmental agency that maintains odometer readings, to estimate annual miles driven.

What Insurers May Ask For

- Annual mileage.
- Driving distance of commuting to work or school.
- How many miles are driven in the course of employment.
- How many miles are driven for pleasure or other purposes.
- The current odometer reading of the vehicle.

The takeaway

It's important that policyholders are honest about the miles they drive. If an insurer learns that a policyholder has been low-balling their mileages, they may non-renew the coverage.

You can measure your miles to work on the drive and you can look at your last repair bill to estimate how many miles you have driven, in order to project your total miles driven for a given year. ❖



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If You Need Additional Other Structures Coverage, Call Us

cost \$10,000 to erect today, and it has a useful life of 15 years, the insurer can deduct two-thirds of that amount from the \$10,000.

The result is approximately \$3,330. The insurer would compare that to the cost of repair. If repairing it would cost more, the company would pay the lower amount.

What you can do

Find out what the cost would be to replace your other structures. Compare that figure to the amount of other structures insurance your policy provides. Your current policy may provide enough, but find out whether the carrier will depreciate the value of the other structures.

If you feel that the other structures limits on your policy are not enough, please bring this up with your agent before your policy renews. In some cases, you can get additional coverage for more premium.

Also, insurance companies' policies are not identical. Some carriers might offer larger amounts of coverage on other structures, and some policies might not permit the insurer to depreciate the property.

Your homeowner's insurance should provide you with as much protection as possible for the price you can afford. Find out before something happens how well it protects the valuable structures on your property besides your house.

Give us a call to discuss coverage options. ❖

Insurance Companies Get Picky About Older Roofs

AS HOMEOWNER'S insurance companies become more selective about whom they will or won't cover, one element that can make or break the deal is the age of the roof.

Some insurers in states at high risk of natural catastrophes are refusing to offer coverage for homes with roofs of a certain age. Some carriers won't accept or may restrict coverage for a home with a roof that's older than 10 years, while others cut it off at 20 years.

Roof damage accounts for more than half of homeowner's insurance claims, according to Lending Tree, and with older roofs come more chances for damage during storms. Age can cause shingles to become brittle and break or decay, and high winds can dislodge damaged shingles and send them flying.

However, insurers face difficulties in getting an accurate number for how old the roof is. According to a report by insurance consulting firm CBIZ, incorrect roof age information results in \$1.3 billion in premium leakage every year for U.S. insurers.

What insurance covers

Most home insurance policies will pay (minus deductible) for a new roof if the damage is due to a covered peril, such as:

- Falling objects (like tree branches)
- Fire
- Hail
- Wind and convective storms
- Hurricanes
- Rain
- Tornadoes
- Vandalism

The challenges

There are two issues insurers face:

Deception – Some policyholders or prospective customers may lie about the age of their roof (a bad idea) if they fear being rejected for coverage or having to pay a higher premium. Carriers may price policies differently depending on the age of the roof.

Obviously, lying about the age of a roof may lead to a lower premium, but the insurer is being shortchanged for the additional risk it is unknowingly taking on.

However, if the policyholder files a roof-related claim, the claim could be denied due to the deception. As well, if the insurer finds out about the deception it would likely cancel coverage.

The homeowner doesn't know – More often, the case is that a policyholder may not know how old the roof is because they bought the home years after it was replaced.

If you don't know the age of your roof, you may be able to do a search at your local building permit office if your jurisdiction requires such permits to replace roofs.

What some insurers are doing

- Some may access building permits, but not all municipalities require permits for roof replacements, particularly after a major storm.
- Some insurers may conduct an in-person inspection of the roof.
- Some use historical aerial imagery to estimate roof age. This requires a person to look over years of images to determine when the roof was replaced. As a result, some insurers are using AI tools to do this work for humans.

The benefits of a new roof

If you have a newer roof, you will benefit in the form of lower premiums and, if you have to file a claim, you may see a higher payout, depending on the policy type you have. The preferred policy is a replacement cost policy since it will pay the same amount regardless of the age of the roof.

However, actual cash value policies would pay out less, depending on the age of the roof. ❖





Smart Planning

How to Keep Your Family In Touch in Emergencies

MOST PEOPLE do not expect to ever find themselves in the midst of an emergency or disaster. These events happen, though, and they can be made worse when families have not planned ahead for how they will communicate at such a time.

Members of your household might not be in the same place during an emergency, including:

- School shootings
- Extreme weather, such as tornados, hurricanes and blizzards
- Workplace violence
- Explosions, whether from bombings or gas leaks.

When these kinds of events occur, people naturally want to know whether their loved ones are safe.

But, communicating with other household members may be complicated by factors such as outages affecting power supplies, internet access and cell phone service. Extreme weather may make transportation inadvisable. Local authorities may even prohibit unnecessary travel.

Without advance planning, the natural response may be anxiety at best and panic at worst. In the heat of the moment, individuals may take rash actions, placing themselves at risk.

Questions You Should Be Able to Answer

- How will everyone get emergency alerts and warnings?
- How will they communicate with each other if normal communication channels are down?
- How can individuals let the others know their condition?
- Where will they meet up and how will they get there?

Emergency Communications Plan Elements

- The names and contact information for individuals outside the area for family members to get in touch with.
- Addresses of locations in the area for the family to gather.
- Names, addresses and contact information for all family workplaces.
- Names, addresses and contact information for all schools.
- Names and important information for all family members, including dates of birth, Social Security numbers, and vital medical information.
- Contacts for all family medical providers, including physicians, dentists, pharmacies, veterinarians and specialists.
- The names and phone numbers of health, auto and homeowner's or renter's insurance companies, and policy numbers.

Family members should plan to report where they are, their condition and whether they can travel. If you have pets, the report should include their location, condition and who has custody of them.

The Federal Emergency Management Agency has developed emergency planning templates. The one for parents contains self-explanatory fields for entering vital information.

The one for children, in addition to having fewer fields for the most basic information, has spaces for drawing maps that show emergency gathering locations and all exits in the home for use during fire emergencies.

FEMA also has a wallet-sized template. Every member of the household should have copies of the plan, which they can keep for storage in wallets, purses, backpacks and glove compartments.

Your family may never need to use the emergency communications plan. But, having one on hand can make dealing with an emergency easier for everyone by reducing stress and worry. ❖