

Feathering the Nest? Update Your Insurance!

Consumers spend billions on their homes. Home improvement projects tallied to a whopping \$280 billion in 2005, according to research from the Joint Center for Housing Studies at Harvard University. The center forecasts that home renovations will grow at a steady 3.7% rate annually through 2015, after inflation.

What shouldn't be lost in the excitement of adding a bedroom, finishing a basement or updating the kitchen is your financial security. The risk management and insurance tools available through your Trusted Choice[®] insurance agent are indispensable when you're renovating.

Be aware that home renovations add to the risks you're facing as a homeowner, including injuries to family, contractors and delivery workers; fire, theft, and vandalism; and water damage. What's more, know that you must protect yourself from financial liability for anything that goes wrong.

It's imperative that your homeowner and umbrella insurance coverages are set up correctly before, during and after your renovation project. The time and paperwork required may seem a distraction when you're eager to upgrade an older home or add to a new one, install an energy efficiency retrofit, or renovate a rental property. But, it's every bit as important as buying the building materials or choosing the contractor.

Before renovations start: Require contractors to provide proof of insurance for workers compensation and liability coverages. Your insurance agent can guide you on how to do this and what to ask the contractor to provide.

Workers compensation insurance pays for medical and rehabilitation expenses (and covers lost wages) if workers are hurt on the job. Workers who are injured in your home can sue you or claim damages from you if the contractor they work for does not have adequate coverage. (By default your homeowners and umbrella liability policies can become their insurance coverage, an unwelcome development for those who pay the premiums and do the claims paperwork.)

If you need to move out during construction, notify your agent so you can be certain that you have proper coverage for a temporary residence such as a hotel or rented home.

Recognize that building code upgrades and market changes may change the standard to which your renovated home is held. For example, home alarm systems have become popular, so you may wish to add one during your renovations. It may add to the renovation cost, but can make your home safer and earn a homeowners insurance discount. Such decisions are generally best considered before the project starts.

During construction: With the added risks—such as construction accidents, fires due to power tools and open utility lines, and strangers in the house who may be tempted to steal your property or your identity—you may want to consider temporarily increasing homeowners and/or umbrella policy limits and/or changing the deductible.

After the project is finished: Home improvements can increase the market value and replacement cost of your home. Your agent can guide you to proper insurance coverage levels for homeowners and umbrella policies. At that time, you may want to also ask about guaranteed replacement cost coverage for your homeowner policy.

The renovated or expanded space in your home may fill up with new furniture, exercise equipment, electronics, and appliances. Track those purchases with receipts and a written or electronic home inventory. Additionally, check the coverage in your homeowner policy for personal property (home possessions).

Talk to your Trusted Choice[®] agent to be sure your home is properly insured at all stages of a home renovation project.

****Saylor Insurance Service, Inc.** is a local Independent and Trusted Choice[®] agency that represents multiple insurance companies, so it offers you a variety of personal and business coverage choices and can customize an insurance plan to meet your specialized needs. You can visit **Saylor Insurance** at 21 Main Street, Sabetha, Kansas, inside the Morrill & Janes Bank Building, online at www.saylorinsurance.com, or call us at **785-284-3435** or toll free at **888-736-2265**.