

Is Your Home Fully Insured?

If you're like most Americans, your home is your largest investment, so you know how important it is to protect it. You probably take safety precautions and have insurance that will cover you in case of a loss.

But are you *fully* protected? Chances are, no. You probably are running the risk of having to pay money out of pocket to rebuild your home after a loss, to replace stolen items or to settle a liability lawsuit.

Consider the following questions to determine if you are, like most homeowners, underinsured.

1. **Are you working at home?** Do you have a home-based business? If so, you're not alone—40% of Americans operate a home-based business that provides their sole means of living or extra income. Most people don't know that their standard homeowners insurance provides very limited coverage for business property and generally no liability protection for business use of the home. You can get this coverage added to your homeowners policy by an endorsement or by purchasing a separate business policy.
2. **Do you have recreational vehicles?** Watercraft, snowmobiles, all-terrain vehicles and similar recreational vehicles add spice to your family's life. But you should know that liability coverage for these type vehicles is *not* provided by your homeowners insurance. Accidents happen. So add this critical coverage to your policy by an endorsement or addition.
3. **Did you build an addition recently?** If so, did you update your homeowners policy? Most Americans neglect this important step, leaving their family vulnerable to significant out-of-pocket expenses to rebuild after a loss. New additions to the structure and grounds may increase your liability and coverage needs. So, if you've added a pool, another bedroom or a home theater, you had best inform your insurance agent so that you can be adequately protected.
4. **Will your policy pay to rebuild or replace your home?** The recent ballooning of home prices has led to a corollary increase in the cost of building materials. These increases directly impact the amount of insurance homeowners must carry to avoid costly penalties for being underinsured. Get a home appraisal now so you can determine how much homeowners insurance you need to rebuild or replace your home.

5. **Do you own an historic home?** If the answer is yes, your home poses a unique requirement on your homeowners insurance. That's because older homes do not meet the stringent building codes in effect in most towns and cities today. If there is a loss, your old home will have to be rebuilt to the *new* code. A standard homeowners policy limits increased construction costs and the lost value of property. Again, add this coverage as an endorsement to your policy.
6. **Do you have expensive items or a collection?** Most standard homeowners policies limit coverage for high-value items like expensive jewelry, art collections, antiques and other collectibles. Think about how valuable these items are to your family—both monetarily and emotionally—and decide if you need to secure additional coverage either by an endorsement to your homeowners policy or through a specialty policy.
7. **Do you have medical payments coverage?** Most homeowners don't carry this protection, often called "goodwill" protection. It provides payments for medical care for people injured on your property (regardless of fault) up to three years after an accident. In today's lawsuit-happy society, medical payments coverage could save you tens of thousands of dollars. Get this affordable coverage added to your homeowners insurance policy today.
8. **Check for leaks regularly.** If there's a leak in your house, then you've got problems and probably damage to your home, too. To prevent a leak from mushrooming you should regularly inspect your home. Look for discoloration in ceilings, floors, walls and tiles. Check for water in the basement and around appliances. Check the foundation. And, check indoor hose connections in the laundry room, bathrooms and kitchen. Repair damaged or suspect areas immediately.
9. **Get an alarm system.** Unfortunately, there are crooks among us who are looking to take away your prized possessions. Arm yourself! If you don't own an alarm system, get one. It is a great deterrent against break-ins and could save you money on your homeowners insurance. Test it regularly—at least monthly—to ensure it is operating properly. And, most importantly, use it. An alarm system will not dissuade burglars if it's off!
10. **Got a pet?** Fido sure is cute. But he could cost you a lot of money if he bites the neighbor's kid or the mailman. Pet bites and attacks are one of the most common causes of homeowner liability claims. Insurance companies judge certain breeds to be more dangerous. Some, such as pit bulls, may be excluded from coverage altogether. Before adopting a pet check with your insurance company to ensure it will be covered by your homeowners insurance.

By addressing these issues now you can prevent costly claims and save money on homeowners insurance premiums over the long term. And, your family will have peace of mind knowing that your homeowners insurance will be there no matter what life and Mother Nature throw at you.

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