

# Personal Insurance Facts

## How much coverage is enough for my home?

The amount of insurance that you need for your home is determined by how much it would cost to rebuild part or all of your home in the event of a loss. This may be different from the sale price or the tax assessment because the land and the foundation are not covered by your homeowners policy. If your home has special architectural features or custom craftsmanship, you need to factor these items into your replacement cost. You also want to consider your personal belongings and liability coverage. We can help you correctly assess your home's value and determine the right amount of coverage.

## How do I know which items in my home are covered?

To ensure that valuable items such as jewelry are covered under your homeowners policy, you must specifically schedule them. The company will replace the items through their vendors. If you do not want the item replaced, the company will pay you the same amount that they would pay for the item at their vendor. For most items, such as fine art, you will be paid the amount listed on your policy. Items such as antiques, jewelry and collectibles should be appraised by a professional. By ensuring these items are covered under your policy, we will have the information we need to help replace these valuables should anything happen.

## What is the difference between actual cash value and replacement cost?

In short, the difference between ACV and RCV is depreciation, or wear and tear. ACV says that the property that was lost has depreciated by some amount over time and attempts to calculate this value. RCV is, simply put, the cost of replacement of the lost property with an identical or similar piece of property.

Given the irrational real estate market, replacement cost may in many cases be less than actual cash value, although depreciation has theoretically occurred. The increase in home values in recent years may have created a situation where the actual cash value of the existing home may exceed the cost of replacing the home with one that has similar features and qualities. Thus the extra cost of purchasing RCV may be inappropriate. As always, consult with your account executive to determine which option is right for you.

## What is the FAIR Plan?

The Massachusetts Property Insurance Underwriting Association (MPIUA), also known as the FAIR Plan (Fair Access to Insurance Requirements) was created to help solve the problem of "uninsurable" risks. If Massachusetts residents are unable to find voluntary insurance because of property in a high-risk area or other related high-risk problems, MPIUA steps in and offers coverage for Homeowners, Dwelling Fire and Commercial property. Before the FAIR Plan was instituted some people were incapable of obtaining insurance, and ran the risk of losing their entire estate if an accident or claim occurred.



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## Am I covered if I rent a car?

If you are renting a car, check your current auto policy. Your collision and comprehensive coverages protect you when you rent or borrow a private passenger auto with the consent of the owner. This also covers the members of your household who are listed on your policy and applies anywhere in the US or Canada. This does not apply to trucks. If you rent a truck, you should look into purchasing comprehensive and collision insurance from the rental company. If you borrow a truck, make sure that the owner has comprehensive and collision insurance or you may be held personally liable.

## How can I reduce the cost of my insurance policies?

There are a number of different ways to reduce the cost of coverage, such as healthy living, a good driving record and special education or training. Based on the kind of insurance you might be considering, here are some other examples:

- \* If you have had coverage through an insurer for a number of years, you could ask for a reduced premium.

- \* If you have two or more policies with the same insurer, your insurer might offer 5% to 15% discounts. As an example, you have your home insured with an agency already and now you want to insure your auto or boat with the same agency. You possibly qualify for a discount from your agency.

- \* The amount of your deductible plays a role in the rate of your premium. Be sure to discuss the pros and cons of higher deductibles with your agency.

## Do I need an umbrella policy?

Unfortunately, in today's society, lawsuits are all too common as are million dollar verdicts. Incidents can occur in your day-to-day activities that could potentially cost you. If you're like most people, you feel confident that your homeowner's and auto insurance will protect you if you fall victim to a claim arising from normal activities. What you should be aware of is that while these policies do include liability coverage, the amount of coverage usually tops out at \$500,000. Umbrella policies take over after the liability insurance in your homeowner's and auto policy exceed their limits. We can help you determine if should have an umbrella policy as well as the proper liability amounts based on your assets and exposures.

