

DAILY JOURNAL

# Real Estate

Your guide to homes, property and apartments in Johnson County

## INSURANCE

### 10 things you should know about insurance

By **DANA DRATCH**  
BANKRATE.COM

**W**hy wait until after a disaster to discover your homeowners insurance doesn't really have you covered? Here are 10 things to do so you can have peace of mind — and full protection — right now:

- Buy the right insurance.

"You should know what you have, and you should know ahead of time that you are covered," said Jeanne Salvatore, vice president for consumer affairs with the Insurance Information Institute, a nonprofit industry trade group. She recommends looking at your insurance coverage in four key areas: the structure of your house, your belongings, your liability to others and your living expenses if you're forced out.

- Get replacement value insurance.

Face it, this is an insurance policy, not

a garage sale. You don't really care how much your possessions would fetch on the open market, the so-called "cash value" or "fair market value." You want to be able to replace everything you lost with similar, new items. And make sure that your policy spells out that both your home and its contents are covered by replacement-value insurance.

When it comes to replacing the home itself, look for extended or guaranteed-replacement-value coverage.

Guaranteed replacement, which covers rebuilding no matter what the cost, is not offered much any more, said Don Griffin, assistant vice president of commercial lines for the Property Casualty Insurers Association of America. Many companies offer extended-replacement-value insurance, which will cover up to 100 percent of the value of the home, plus a certain percentage to cover rebuilding the home in today's market.

- Understand the claims process. Two policies can promise the same amount of coverage, but they can be vastly different when it comes to making you whole after a loss. Have the agent explain exactly how claims are handled, especially when it comes to writing you a check. Do you receive your entire claim upfront or just a fraction? Does the company pay you for all the things you've lost or only those things that you replace?

Some policies will give you the cash value of your possessions right after a loss, but wait to cover the replacement value until after you've replaced your items — and have the receipts to prove it. This could be a problem if you're wiped out and have no cash reserves.

Equally important is the timetable on replacement. If you go from living in a five-bedroom home to sleeping in a motel room with four kids and a dog, you might not want to go on a shopping spree right away. How long do you have to replace your things?

- Take inventory.

Filing a claim involves two steps — proving you owned certain items and verifying their worth. This is a lot easier to do when you still have your things. Go through your home with a video camera (rent one if you don't already have one.) Walk through each room, do a quick sweep and get everything you own on tape. Don't forget the attic, basement, closets and offsite storage locker, if you have one. Or take the low-tech method: make a list and shoot a few rolls of film. Stash your video or photos in a safety

deposit box with a copy of your policy. If you keep your inventory at home, make a second copy to give to a friend or keep at the office.

- Buy floaters.

Many times, homeowners and renter's policies limit the amount you can collect on some big-ticket items — usually things like computer equipment, jewelry, furs and fine collectibles — to a fraction of the replacement value. If this is the case, you need to pick up a special policy known as a "floater" or "endorsement" for each of those items. A floater will also reimburse you if you simply lose the article. In the case of something new, save the bill of sale with your inventory and fax a copy to your insurance agent. If the item is older, have an appraisal done. Again, save one copy and send another to your agent. That way, you'll never have to worry about proving you owned an item and there will never be a dispute over what it's really

worth.

- Keep pace with inflation.

This is especially important with a homeowners policy. It may have cost you \$100,000 to build your home 10 years ago, but it might cost \$120,000 to replace it today.

"Many companies have inflation guard, which covers the increasing cost of rebuilding," Salvatore said.

When your policy comes up for renewal, talk to your agent to verify that your coverage amounts are still realistic. And when you make an improvement, add it to the total.

- If you own a condo or co-op, protect your property.

Make sure that the condo board or association has a policy that covers the common areas and get a copy. Also look at the association bylaws to find out what portions of the home you must cover.

"It's usually from the drywall in," Griffin said.

Since condo owners need their contents policy to cover things like cabinets and fixtures, they need a bit more insurance than the typical renter. Sometimes you get a price break if you go with the same company that wrote the policy for the condo association.

- Consider flood and earthquake insurance.

Granted, this is not for everyone. But if you live in an area prone to floods or earthquakes, it pays to know that most property policies do not cover these disasters. Some independent carriers offer both. For flood insurance, you can also contact the National Flood Insurance Program.

- Think about buying an umbrella policy. Liability insurance, which picks up the tab if someone gets hurt on your property or through the actions of your family members, tops out at \$300,000 on most homeowners policies, according to Griffin. "But nobody sues for \$300,000," he said. "That usually starts at \$1 million." His recommendation: if you have assets, pick up an umbrella policy that would add extra liability coverage to your home and auto policy.

"Umbrellas are cheap — usually starting at about \$200 to \$350 a year."

- After a life-changing event, call your agent.

Getting married or divorced? Are the kids moving out or back in? The amount of insurance you need and the items you want to cover changes over the years. Be sure you keep your policies and inventories up to date.



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Home safe home: Check your insurance policy to make sure you're adequately covered if a disaster strikes.

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### Handy hangers



Space is an issue in most garages. To free up floor space, you can invest in a number of wall panels that accept a variety of hooks and baskets. Then you can hang your bicycle, sports equipment, garden tools and ladders out of the way.

PHOTO BY HOME & GARDEN TELEVISION