



PCI's California voice.

Hot Issue: Homeowners Insurance—Be Financially Prepared

ACIC is a great resource to help consumers prepare for and recover from natural catastrophes. There are important ways to guide California residents to prepare financially and physically for wildfires, earthquakes and winter storms.

California residents that rent or own their homes can take key steps to protect their most expensive asset and their personal belongings. In making decisions about insurance coverage, homeowners must determine the level of coverage that will repair or rebuild their homes in the aftermath of a fire or other covered risk. Both the insurer and policyholder want coverage to be adequate to cover any losses. But only the policyholder can make the final determination of how much coverage to purchase since it is the policyholder who must pay the premium. Policyholders should work with their insurer or agent to determine the appropriate level of coverage.

HOW TO BE FINANCIALLY PREPARED:

- **Understand Your Policy** – The typical homeowners policy covers damage caused by wind, fire and lightning. Comprehensive auto insurance generally covers damage or destruction to a vehicle from a fire.
- **Maintain Adequate Insurance** – Homeowners should be certain to have their dwelling adequately insured because once a wild fire turns into a firestorm there is little that can be done to halt its path of destruction. Be sure to maintain a homeowners insurance policy with adequate policy limits so you can rebuild that home if there is a fire.
- **Review Policy Regularly** – Review your property insurance policy with your insurance company or agent. If you have recently remodeled or built a new addition onto your property, be sure to increase the amount of protection to cover the upgraded materials or expanded square footage. Talk with your agent or company and consider these questions: Does my policy cover all the unique features of my home? Does the policy include such things as debris removal? The policyholder can decide what optional coverages may be right for their home and family.
- **Understand the Types of Insurance Policies** – Learn the difference between a replacement cost policy, which generally provides for the repair or replacement of damaged covered personal property items, and an actual cash value policy, that will only provide reimbursement for the depreciated value of the covered personal property item. Decide which type of policy best fits your needs.
- **Understand Construction Costs and Building Codes** – It is important to consider the current construction costs for building new homes in your neighborhood. If your home is older, ask if your policy includes coverage for building code upgrades. Many insurers offer an optional enhanced replacement cost endorsement. This endorsement typically adds an additional 25 percent to the coverage limit for your dwelling. Even if the homeowners policy has an inflation guard that adjusts to increase the dwelling coverage limit, check to make sure that the amount is adequate to rebuild.

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- **Keep an Inventory** - To speed the claims processing along, keep an inventory of your personal items and photograph or videotape them for documentation purposes. Be specific; document how many TVs, computers, sets of towels and sheets you have. The more detail you have, the easier recovery will be. Keep receipts for major purchases and keep records of the age, current value, make, model and serial number of your personal property. Keep your inventory and a copy of your policy at another location.