Underinsured
Don't Let It Happen to You

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Protecting your assets (and your bank account) from losses you wouldn't otherwise be able to financially afford is what insurance is about. Making sure you have the correct amount of coverage can be the difference between rebuilding your entire structure versus a partial rebuild.

Take Larry for instance. He's well known by all his friends and family as the guy who knows where to get the best deals. They call him 'let's deal Larry.' He researches and asks questions, compares and tests before he plunks down his money. From cars to espresso machines, Larry's your guy to give you the scoop on where to find the best deal. We all have a friend like Larry.

Over the years, Larry discovered something crucial about what constitutes the 'best deal,' and it's not always price. He found it's usually a combination of price and quality. As the saying goes, "you get what you pay for" and that can apply to your insurance as well. It's one thing to buy a cheap toy to entertain your toddler for a day, and it's another thing to purchase cheap insurance that leaves you out to dry when disaster comes knocking on your door all because you wanted to save a few dollars.

Calculating the correct rebuild can be tricky and as an agent we can assist you, but to get the most accurate number we recommend you work with your builder or hire a licensed appraiser.

From Hurricane Michael, to the recent wildfires in California, when all is said and done, some homeowners are discovering not only were their homes destroyed, but they were underinsured. In addition, inadequate insurance on your dwelling can also lower the coverages available to replace your personal property, loss of use, and more.

There are several factors that directly contribute to being underinsured. The biggest one being your initial purchase of that dream home. You searched until you found the perfect house. You bought furniture, painted walls, and hung a stunning chandelier over your brand-new dining table and chairs. And that was fine, until Hurricane Michael toppled a few trees onto your roof and the rain soaked not just your furniture, but the drywall and cabinets, and that beautiful chandelier shattered on the floor.

The adjuster came and you ended up with a check that would only rebuild two-thirds of your house. Because of the scope of the catastrophic disaster, building materials and construction labor costs rose significantly, which means the rest came out of your pocket.

The second factor that contributes to being underinsured can happen when your policy has been with the same company for a number of years. Not all policies have a built in inflation guard, so it's always best to review your dwelling and contents limits at their renewal each year.

The third factor is a sneaky one. Most homeowners periodically update their homes, like install new flooring, remodel bathrooms and kitchens, add rooms and square footage, but they don't always inform their agent so that the replacement cost can be recalculated and limits increased.

The bottom line, when it comes to insuring your home, is this: don't skimp on the coverages, look carefully at your renewal policy and address any coverage deficiencies you may have, and always let your agent know about any upgrades and remodeling you've done to your home. We recommend an annual review of your property insurance program because life happens and circumstances change.

Make sure you have the correct amount of coverage to rebuild back to the beautiful dream home you had before disaster struck.

Insurance Zone, owned by Joe and Lea Capers, is a full service commercial and personal lines insurance agency serving Destin, Miramar Beach, Santa Rosa Beach (30A) and Inlet Beach. Visit their Video Library on www.ins-zone.com and watch an informative video "Market Value vs Replacement Cost," or call 850.424.6979. Victoria Ostrosky, author of this article is an agent/CSR with IZ.