



## NEWS RELEASE

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### **Spring Checkup: Homeowners and Renter's Insurance**

Spring is the traditional time to clean house – it's also a great time to take inventory of your homeowners or renter's insurance to be sure the coverage you have is what you need.

#### **Flood Insurance – It's NOT part of a traditional policy**

Floods are not covered as part of a homeowners or renter's policy; if you need flood insurance, you must purchase it separately, although most companies who sell homeowners insurance can also sell you the flood insurance coverage you need. To find out if you are in an area at risk for flooding, go to [www.floodsmart.gov](http://www.floodsmart.gov) and check your location.

**Don't wait:** flood insurance, which is regulated by the federal government, does not go into effect for 30 days after it is purchased. That means coverage selected in March won't be available until the same date in April. With high snowpack levels, and the threat of spring run-offs, it's never too soon to make sure you have flood insurance if you are in an area that is at risk.

#### **Homeowners vs. Renter's Insurance: What's the Difference?**

Homeowners insurance covers the structure, the belongings and legal obligations if someone is injured at your home. Typically, homeowners insurance doesn't cover "wear and tear" or typical maintenance items. Renter's insurance does not insure the structure (the owner of the home or building should have that covered), but will protect your belongings.

#### **Actual Cash Value vs. Replacement Cost**

Whether you are renting or buying your home, it's important to know if your policy covers Actual Cash Value (ACV), which is the amount to repair damage to a home or to replace its contents after allowing for depreciation. Replacement cost is the amount it would take to rebuild or replace a home and its contents with similar quality materials and goods, without deducting for depreciation.

What does that mean to you? If your home is lost in a fire or natural disaster, and you had a ten-year old television set, with ACV, you will get what a used ten-year old television set is worth. Actual cash value represents the amount you would buy or sell the item for in today's marketplace. With replacement cost, your policy will pay what it should cost to purchase a similar item today. If your current policy lists ACV as the settlement, ask your agent what the additional charge is for Replacement Cost to determine if you want to better your coverage.

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## Take Inventory of Your Possessions

After a loss, it's very difficult to recall all the items that were in your home. Protect yourself now, by taking inventory of each room in your house. The Colorado Division of Insurance provides a free "Home Inventory List" you can use to walk through your home and take notes. Send a copy of this list to yourself in an email, along with photos and any receipts, serial numbers, or other information so if you ever need to file a claim, you can easily locate it.

If you have any special items like art, jewelry or collections (such as stamps or coins), be sure these are covered. Photos and/or proof of their value, such as receipts or professional appraisals will streamline the claims process should it be needed. These items may require special coverage. If you work from home or run a small business, that may require additional coverage, so check your policy and ask if you aren't sure you have adequate coverage.

### Print a free Home Inventory List:

<http://www.dora.state.co.us/insurance/consumer/2010%20docs/consHomeInventoryChecklist070110.pdf>

## Liability Limits

Liability insurance protects you from legal obligations arising from accidents involving visitors who do not live at your home. With a few exceptions, such as car accidents, all-purpose liability coverage follows wherever you go. An umbrella policy can extend the liability limits of a homeowners or renter's policy if the policy limit is insufficient. If you have unusual risks, ranging from owning a dog to having a swimming pool, you should discuss these with your insurance representative to be sure your coverage is adequate.

## Medical payments

Homeowners and renter's policies typically include limited medical expense payments for injuries occurring on your premises to visiting non-residents. It may also cover medical expenses of another individual injured by you, a member of your family or a family pet while away from the home.

## Deductibles and Discounts

**You may be able to save money** on homeowners or renter's insurance. Deductibles and discounts are generally the easiest places to save money on this type of policy. Most companies offer discounts for people who have more than one type of insurance policy with them, and for people who have had few claims or are long-term customers. One way is to have your automobile insurance and homeowners or renter's insurance with the same company.

When it comes to the deductible – which is the amount you have to pay if there is a loss – usually the higher it is, the lower the premium. It's normal to consider raising a deductible to save on premium, but remember, the bill will be that much more following a claim.

For additional information on homeowners and renter's insurance, check the Colorado Division of Insurance website at:

<http://www.dora.state.co.us/insurance/consumer/homemain.htm>

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