

12 Ways to Maximize Your Insurance Coverage

Key reasons why consumers don't collect what is needed from an insurance claim.

HOME

1. Insure to proper value

When we insure an inadequate dwelling or contents limit to keep the premium down, we risk not having enough insurance to cover our loss.

2. Purchase "extended" replacement cost coverage

With extended replacement cost coverage, the insurer agrees to pay a certain percentage above the dwelling limit to account for inflation. For example, if your dwelling limit is \$500,000, extended replacement cost coverage would pay up to 120% of that, or \$600,000 in the event of an insured loss.

3. Review limits of insurance annually

If we let our insurance policies automatically renew without an update or review (and this sometimes goes on for years) we risk being massively underinsured when a large loss occurs.

4. Notify your agent when occupancy of the home changes

Insurance coverage must change when the occupancy of the home changes. For example, the insurance written on a primary residence will not properly protect the owner of a rental house.

5. Include coverage for "back-up of sewers and drains"

The losses here can be huge but not automatically covered by a standard homeowners insurance policy. This coverage must be specifically endorsed for coverage to apply.

6. Include "building ordinance or law" coverage

Standard insurance contracts exclude coverage for loss caused by the enforcement of ordinances or laws regulating construction and repair of damaged buildings. Older structures that are damaged may need upgraded electrical, heating, ventilating, air conditioning (HVAC), roofing materials, fences, and plumbing units based on city codes.

7. If you have a condominium, insure adequately for a "loss assessment"

The condominium association can assess each owner for its proportion of a major loss. Without loss assessment coverage, the condo owner is required to pay for this loss out-of-pocket.

8. Specifically schedule valuables such as jewelry, watches and silverware

Relying on the relatively low limits included in their homeowners policy for theft of jewelry or other valuables is a key reason why consumers don't collect what they are expecting from their insurance claim.

9. Purchase extended "loss of use" coverage

Also known as "additional living expense," loss of use coverage pays for the necessary increase in living expenses (hotel, extra food costs, etc.) incurred by the policyholder after an insured loss. Sounds simple but not all carriers offer the same coverage provisions here. Clarity is important.

AUTOMOBILE

10. Coordinate the auto policy "named insured" with the vehicle registration

Your insurance policy protects the named insured as shown on the policy. If your policy does not insure the name listed on the vehicle registration, coverage will likely not apply.

11. Purchase adequate liability insurance limits

Too often, to keep premium down, low liability limits are purchased...limits which are too low to actually pay for the damage the driver caused.

12. Make sure to buy "uninsured motorists" coverage

There are millions of uninsured drivers out there and they CAN hit you! Since they have no insurance, you will have no protection unless your auto policy includes uninsured motorists coverage.

BONUS

Add "identity theft" fraud coverage to your homeowners policy

When your identity has been used fraudulently, it can take a lot of time and cause trouble for you in proving that you are not personally responsible for any loans, debts, large financial transactions or serious crimes carried out by someone else using your identity. Identity theft insurance provides reimbursement for the cost of restoring identity and repairing credit reports, etc.

