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NEWSALERT

High-End Homeowner's Insurance

Are Structures on Your Property Properly Insured?

ONE OFTEN overlooked feature of a homeowner's insurance policy is the "other structures" coverage, which is separate from the part of the policy that covers your residence.

The coverage for damage is often significantly lower than for the rest of your home, and claims are handled differently for these structures, which includes decks, pools and fences.

It's important that you look at the values carefully in your homeowner's policies to ensure that your limits are enough to cover any damages should a covered event occur.

How other structures are covered

The standard Insurance Services Office (ISO) Homeowners 3 — Special Form, covers other structures on the grounds where the home sits.



Other features of structures coverage include:

Water and ice – The ISO form does not cover damage to a fence, patio, pavement, swimming pool, pier, wharf or dock that results when water or ice freezes, thaws, puts pressure on or puts too much weight on them.

Uncovered events – Just like the house and the contents inside it, these structures are almost never covered for losses caused by earth movement, floods, power failure or neglect.

Different claim calculations – The ISO form permits the insurance company, when one of these structures is damaged, to pay the lower of:

- The cost to repair or replace it.
- The structure's actual cash value.

Actual cash value is typically the cost of replacing an item minus an amount for depreciation. If a 10-year-old fence would cost \$10,000 to erect today, and it has a useful life of 15 years, the insurer can deduct two-thirds of that amount from the \$10,000.

The result is approximately \$3,330. The insurer would compare that to the cost of repair. If repairing it would cost more, the company would pay the lower amount.

See 'Coverage' on page 2

EXAMPLES OF OTHER STRUCTURES

- Gazebos
- Pools
- Sheds
- Grandmother's quarters
- Decks
- Outside kitchens
- Man caves
- Fences

The insurer will consider something to be an other structure and not part of the house if it is separated by clear space from the home.

It is common for a policy to insure all of these structures for an amount equal to 10% of the amount of insurance on the house. For example, if the policy provides \$700,000 coverage on the house, it will provide \$70,000 for other structures.

Whether that will be enough depends on how much it will cost to repair and the extent of the damage. If a home has a stockade fence, a large deck and a shed, the cost of replacing all of them after a fire may exceed the 10% limit and force you to pay out of pocket for the rest.



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State Law Requires Insurers to Verify Your Annual Mileage

UNDER STATE law, auto insurers are required to verify vehicle mileage at least every three years, including current annual mileage and miles driven to and from work and/or school.

The state requires insurers to collect this information so that they can price their policies according to a policyholder's risk and ensure that drivers who spend more time on the road pay a higher premium than those who drive less.

Most insurers send out forms requesting annual mileage annually. If the form isn't returned, insurers are allowed to use the California Department of Insurance permitted 12-month mileage estimate of 13,000 miles.

WHAT INSURERS MAY ASK FOR

- Annual mileage.
- Driving distance of commuting to work or school.
- How many miles are driven in the course of employment.
- How many miles are driven for pleasure or other purposes.
- The current odometer reading of the vehicle.

Insurers can also ask for, but can't require:

- The policyholder to produce service records which document the odometer reading of the vehicle to be insured.
- The policyholder to install a mileage tracking device that is either provided by the insurer or made available to the insured to accurately collect vehicle mileage information.

Finally, state law permits insurers to obtain and use smog-check odometer readings from the California Bureau of Automotive Repair, the California Department of Motor Vehicles, or any other governmental agency that maintains odometer readings to estimate annual miles driven.

The takeaway

It's important that policyholders are honest about the miles they drive. If an insurer learns that a policyholder has been low-balling their mileages, they may non-renew the coverage.

You can measure your miles to work on the drive and you can look at your last repair bill to estimate how many miles you have driven, in order to project your total miles driven for a given year. ❖



Continued from page 1

If You Need Additional Other Structures Coverage, Call Us

What you can do

Find out what the cost would be to replace your other structures. Compare that figure to the amount of other-structures insurance your policy provides. Your current policy may provide enough, but find out whether the carrier will depreciate the value of the other structure.

If you feel that the other structures limits on your policy are not enough, please bring this up with your agent before your policy renews. In some cases, you can get additional coverage for more premium.

Also, insurance companies' policies are not identical. Some carriers might offer larger amounts of coverage on other structures, and some policies might not permit the insurer to depreciate the property.

Your homeowner's insurance should provide you with as much protection as possible for the price you can afford. Find out before something happens how well it protects the valuable structures on your property besides your house.

Give us a call to discuss coverage options. ❖

Simple Steps for Lowering Summer Cooling Bills

WHEN TEMPERATURES rise, consumers' energy bills also rise. This can be a difficult situation for seniors as well as others living on a fixed income.

Many people know just how high the numbers on these bills can climb, and this is especially true for those who do not know how to reduce their energy usage. There are several easy ways to cut your cooling bill.

Shade the air conditioning unit

If possible, make sure the condenser or air conditioning unit is in the shade. If there are no trees shading it, consider installing an awning.

Keeping the unit shaded can reduce energy consumption by up to 10%.

However, it is important to avoid restricting airflow around the unit. Any enclosures, shrubs and other items that prohibit air from freely flowing should be placed elsewhere.

Inspect the ducts

For central AC units, look carefully at the duct work. If there are any gaps, seal them immediately.

Air leaks are common in older houses, and it is estimated that at least 20% of the cold air escapes through these gaps. Caulking or weather stripping around doors and windows can also help keep the cool air in.

Install timing devices

For central AC systems, install a programmable thermostat. If there are window units, install timers to turn them on and off in sync with a personal routine. For example, make sure the AC is not running while the home is vacant.

When a room with a window AC unit is vacant, turn the device off. Program it to go off in the evenings, and use the house fan or window fans whenever possible.

Change or clean the filter regularly

When AC units are in use, it is best to change their filters once each month.

Many home improvement stores sell permanent filters, which can be cleaned with water and reused. For those who have central systems, it is worth the money to have a professional clean and service the unit at the beginning of the hot season.

Replace outdated units

When it is time to buy a new unit, look for one with an Energy Star certification. These units use between 30 percent and 50 percent less energy, so they will pay for themselves in savings over a short amount of time.

Install a whole house fan

A whole house fan is a type of fan that is installed in the attic and designed to circulate air in an entire home or building. These fans draw in cooler outdoor air through windows and other openings and pushes the warmer air out through vents in the attic.

These provide quick cooling when the outside air drops below that of the inside air.

Last word

By practicing these helpful tips each year, families can save more money for a vacation to escape the heat. ❖



Have a Prized Collection? It May Not Be Fully Insured

IF YOU'RE like most collectors, you've put time, money and effort into your endeavor, be that stamps, baseball cards, jewelry, fine art, wine or other collectibles. Your collection is probably valuable to you financially, and some pieces may also hold a sentimental value.

However, if the collection is destroyed or damaged, there is a strong likelihood that your homeowner's insurance policy won't cover the loss. Consider the following ways a collection can be damaged or lost:

- **Breakage** – Damage caused by dropping an item.
- **Mechanical breakdown** – Spoilage (like wine) due to climate-control system failure.
- **Failure of drain or sewer** – A collection may be destroyed if you have a drain or sewer failure, and especially if you keep your collection in the basement or cellar.
- **Natural disaster** – A collection is fully or partially destroyed in an earthquake, flood or other weather-related event.
- **Diminished value** – Due to cosmetic or water damage to the item.

Obviously, you don't want to put your hard-earned collection at risk. Consider a collections policy to protect your valuables properly. This is a specially designed insurance policy for people who want to protect their valued collectibles.

Value of a collections policy

Unfortunately, most people don't realize their homeowner's insurance does not offer adequate protection to their collectibles. For example, did you know that the standard homeowner's policy will cover only up to \$500 worth of jewelry? Remember, your deductible is probably more than that also.

Features of a collections policy

- No deductible.
- 50% more coverage is available at the time of a loss, if the item is worth more than the value scheduled.
- Mysterious disappearances are covered.
- Worldwide coverage is included.
- Coverage during shipping.
- Covers theft both inside and outside your home.

Policy options

Depending on the insurer, you may have these options as well:

- Blanket coverage of a collection up to \$10,000 per item, with the option to raise it to \$100,000 in some instances.
- Insuring the true value of items within your collection.
- Inflation protection at the time of loss if the value of an item has increased over time.
- Coverage for new purchases for up to 90 days.
- Discounts for collectibles kept in a safety deposit box.

How to get prompt, full payment

- Keep all original documents, including purchase receipts, auction catalog or private seller information.
- Keep photos and detailed descriptions of items, including those with unique marks and vintage or production year.
- Maintain an updated inventory list, including descriptions, counts and storage locations.
- Get routine, professional appraisals of your collection and keep a running record of appraised values.

The takeaway

By not properly insuring your collectibles, you're unnecessarily exposing yourself if any of those valuable items are damaged or destroyed. You can call us to discuss options for how to best cover your collection. ❖

