

Tips for Buying: Homeowner's Insurance: What You Need to Know



Coverage you don't want to be without—the basics

Imagine your house on moving day...empty, waiting to be filled. This empty space is usually referred to as Coverage A: your physical home (rooms, fireplaces, tile floors, carpeting, etc.) and any buildings attached to it, such as an attached garage.

The coverage you buy for your home should reflect the amount it would cost to completely repair or rebuild should you suffer a covered loss.

Coverage B usually refers to structures that don't necessarily exist on your property or are actually attached to your house. This type of coverage offers insurance protection for items like a detached garage, gazebo, or even storage shed.

Coverage C is usually used to protect your personal property, such as furniture, clothes, and appliances. Many people don't think of such items when considering homeowners insurance, but you don't want to be without your possessions if a fire should burn down your house. This type of coverage has limits and doesn't include all personal property, such as animals; motorized vehicles (such as scooters or motorcycles); and tape decks, CD players, etc., that are in a car or truck. These items are usually covered under other policies, like auto insurance.

Coverage you'll wish you had (should you ever need it)

Certain classes of property such as family heirlooms and keepsakes have specialized limits of coverage. In other words, if it's irreplaceable, get it appraised and purchase what's called a rider. This is a type of coverage especially popular for jewelry, since it will replace the dollar value of the piece based on an appraiser's estimate—instead of your own. A rider is also good for that signed Babe Ruth baseball, the coin collection you've had since you were a kid, and any other valuable property.

Coverage that's nice to have...just in case

Coverage D, sometimes called additional living expense, will pay for your housing and other living expenses like meals and laundry if a major loss makes your house uninhabitable and you have to live elsewhere while it's being repaired or rebuilt. It's something that hopefully you will never need, but nice to have just in case you need it.

Call your insurance agent, review your policy, and make sure you're covered. It definitely pays to be safe rather than sorry.