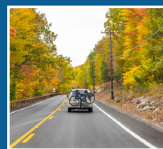




INTERWEST
INSURANCE SERVICES, LLC

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NEWSBLAST

Homeowner's Issues

Your Policy Won't Cover Work Under Construction

MANY HOMEOWNERS who are renovating their homes, or building a new one, make the expensive mistake of not securing additional coverage during construction.

A fire may destroy your materials and equipment, or thieves clean you out in the dead of night. These are claims that your insurer may deny because it doesn't cover your home when it's under construction.

If you are renovating your home, or building a new one altogether, you'll need additional insurance to protect your building materials and completed work from theft, fire, vandalism and storm damage.

A short home construction project

You will likely need a "Home Under Construction" rider – or endorsement – to your current homeowner's policy if you have a project that will last just a month or two.

During a construction project like this, your homeowner's insurance likely won't cover the work being done from damage or burglary. You may want to call Interwest to confirm if you need this policy.

Home Under Construction endorsement

This rider covers losses from fires, storms, burst pipes, theft and other covered perils while your home is under construction, including:

- **Materials and equipment:** This includes any building materials you have on-site, as well as any tools or equipment. It also covers work already completed.
- **Additional costs:** This includes additional costs incurred after a covered event, like new licensing and permit fees, extra interest on your construction loan, and other costs associated with the delay of your project.
- **Premises liability:** If a visitor is injured at your home while it is under construction, this coverage will pay for their medical expenses, or legal expenses and any awards or settlements if they sue you.

Longer construction periods

If you are building a new home or making significant changes to your current one, you'll need a separate builder's risk policy during construction. These are sold as three-, six-, nine- or 12-month policies.

These policies will cover the materials and equipment and completed work against fire, wind, lightning, hail, theft, vandalism and explosion.

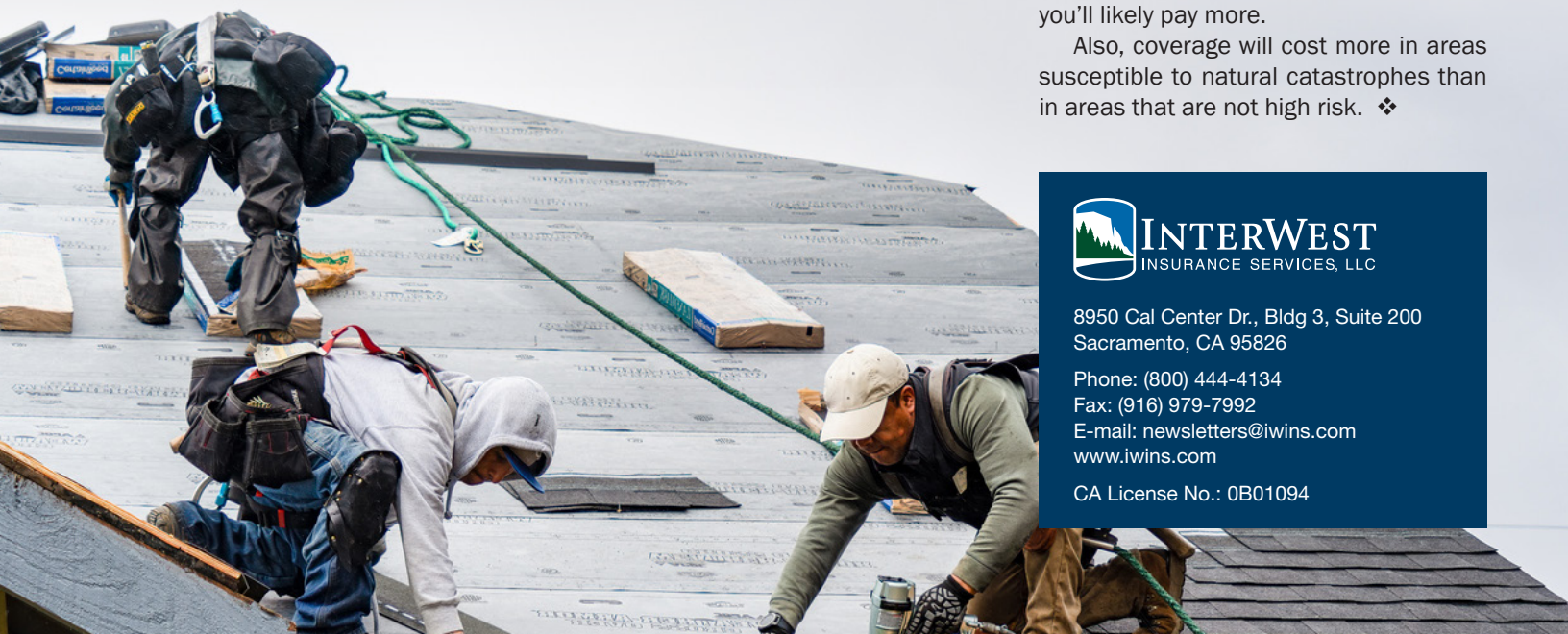
Builder's risk policies do not include liability and you need to ensure your contractor has general liability insurance to cover any accidents that may injure a third party or damage their property.

Also, since the policy is separate from your homeowner's policy, you can negotiate with your contractor about who should cover the costs of the policy.

Costs

Costs will vary for both of these coverages and depend on the scope of the project, the time, the cost of materials and where you live. If you have expensive materials on-site and a lot of custom work, you'll likely pay more.

Also, coverage will cost more in areas susceptible to natural catastrophes than in areas that are not high risk. ❖



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Digital Scams

Think Twice Before Scanning That QR Code

YOU HAVE probably noticed that Quick Response – QR – codes are everywhere these days, on the tables at restaurants, on posters, print and electronic advertising, and even during TV programming and commercials.

By training your smartphone camera on one, you'll get a prompt to click to open a web page, typically one for the company behind the QR code. But now, even these are prone to misuse.

The FBI recently issued a warning, stating that criminals are using tampered codes to redirect customers to malicious sites and hack their financial and login information. They can send the code through e-mail as promotion codes.

They also may paste the tampered code on the original one, such as parking meters, flyers, or a restaurant table where the original code would bring up the menu.

These crimes can do serious damage to your finances and credit history. According to the FBI, criminals are using malicious QR codes in the following ways:

- When scanned, the code takes you to an imposter phishing website trying to trick you into logging in, hoping that you will use an existing username and password, or share other personal or banking information.
- The QR code releases malicious code – such as malware, ransomware and trojans – onto your phone, allowing criminals to track information from your phone and even lock you out of the device and only releasing it if you pay up.
- The QR code can compose pre-written e-mails and send them from your account. These e-mails are often new phishing e-mails aimed at getting your contacts to open and click on malicious links. Scammers can also program the codes to open payment sites and follow social media accounts.

Prevention

Rather than avoid QR codes entirely, learn how to identify the signs indicating that you're dealing with a fraudulent QR code. ❖

How to Avoid the Scam

Look for signs of tampering – Scammers may print their own QR code stickers and paste them over legitimate ones. Check to see if the code is on a sticker above another one, or if there are signs it has been tampered with.

Preview the URL before following the QR code – The little box that opens up when you scan a QR code will include text identifying the site to which it will direct you. Check whether the URL seems safe, or with your waiter if you're at a restaurant. Beware of a URL that doesn't look complete or if you can't read it.

Check the site for signs it's not legit – There are often signs that you've landed on a phishing site: words are misspelled or the text has typos or odd grammar that is clearly not written by a native English speaker. The design may be shoddy and images low resolution.

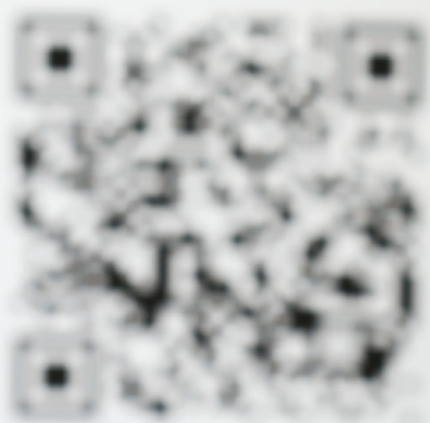
Additionally, the URL may be unsecure (secure sites start with https: and will display a padlock icon). Be wary of sites that start with http:.

Exercise caution with QR codes in public places – These codes may have been placed there by a scammer. You may want to completely avoid scanning these codes to be safe, especially if it's for a product or deal that seems too good to be true.

Avoid opening QR codes in e-mails or regular mail – This is usually a bad idea. If you do want to click on the code, try to reach the company first and check the legitimacy.

SOURCE: Aura Inc., a cyber security firm.

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Homeowner's Insurance

Is Replacement Cost the Right Coverage Option?

THE MAJORITY of homeowner's insurance policies have what's known as "replacement coverage," which will cover the costs of repairs or reconstruction to rebuild your home to its original state after a covered event.

But thanks to rising costs of construction, including materials and manpower, some of these policies' coverage limits may not be enough to cover those costs.

So, does that mean that replacement coverage policies may fall short if you file a claim and should you instead consider a policy that will pay you the market value of your damaged property?

Here's what you need to know.

Getting it right

Your policy limits impact how much you receive from your insurer if you have to file a claim. It's important that your limits are kept up to date, especially during times of high inflation.

That happens to be now. Construction costs, for example, increased 10.1% between December 2021 and December 2022, according to trade association, American General Contractors.

To accurately estimate your home's replacement value, you may consider hiring a professional appraiser or contractor. With that information in hand, you can work with us and the insurer to set the replacement cost accurately.

One thing to remember: The higher the replacement cost, the higher your premium will be.

Other options

If you are concerned about your policy falling short despite getting an appraisal, there are other coverage options available to you.

Extended replacement cost: Also known as extended dwelling coverage, this endorsement, which is added to your homeowner's policy, can increase your dwelling coverage by 25% to 50%. This can help cover higher rebuilding costs due to a surge

in demand, construction material scarcity and/or high inflation.

Guaranteed replacement cost: This endorsement to your homeowner's policy ensures you'll be paid the full amount to rebuild your home after a disaster, regardless of how much it costs. That means if your house is destroyed by a covered event, the insurer will pay to rebuild it to the way it was before the disaster – regardless of your policy's dwelling coverage limit.

This endorsement can be pricey, but it may be worth it if you live in an area that's prone to natural catastrophes.

Market value coverage

Some homeowners may opt for a market value (or actual cash value) policy, but it comes with risks, particularly the chance that you have less coverage than you need to repair or replace your home. That's because these policies pay the market value to replace your property, taking into account depreciation.

In other words, while a replacement coverage policy would cover the cost to buy a new sofa set to replace the one you purchased 10 years ago, a market value policy would only pay you the cost of the sofa minus a decade's worth of depreciation.

Also, one of the biggest dangers of using market value is that depending on where you live, your home may be worth less than the cost of replacing it if it is destroyed in a covered event.

These types of policies can leave you exposed and paying significantly out of pocket if you have to file a claim after a major event.

The takeaway

Whether you are purchasing a new home or have one already, you should reach out to us to discuss the property so that we can help you arrive at a replacement cost level that accurately reflects construction cost realities.

Your home is likely your largest live investment and the last thing you want is to be left underinsured if it suffers major damage or is destroyed. ❖

Adult Toys

Protect Your ATV or Dune Buggy Investment

DURING SUMMER, many people like to head off into the back country to drive ATVs and dune buggies.

But these toys are expensive and you should seriously consider insuring them.

While insurance companies consider dune buggies a specialized form of insurance, the coverage is quite similar to motorcycle and street vehicle policies, with slight differences to account for the off-road nature of these vehicles.

This is especially true if you are sued by a third party.

In short, insurance covers a number of hazards that you face as a rider, and can provide peace of mind.

Coverage Basics

- **Liability:** Covers your costs when you are at fault in an accident
- **Comprehensive:** Pays for damage to your vehicle if hit by an object, damaged by weather or stolen
- **Collision:** Pays for damage to your vehicle in an accident
- **Uninsured/underinsured motorist coverage:** Pays when the other driver is at fault and does not have sufficient coverage to pay for your claim

You can typically buy additional coverage for medical costs and possessions and accessories that you may keep in your off-road vehicle.

While all states require that you have insurance for your on-road vehicles, that's usually not the case with dune buggies since they are not typically driven on public roads. California, for example does not require that you carry insurance for your off-road vehicles.

That said, if you do want to drive your dune buggy on the road, you will be required to make it "street legal" by the Department of Motor Vehicles, and that would include a minimum amount of liability coverage.

ATV and dune buggy insurance is usually affordable and you would be thankful for it if you cause an accident that badly injures another person or damages their property.

Cost of coverage

Since you will typically drive your dune buggy or ATV on rough terrain, and around other people that may be doing the same thing, what can you expect insurance to cost?

Typically, you can expect to pay anywhere from \$500 to \$1,500 per year to insure your dune buggy or sand rail.

If you do have one of these vehicles, you should seriously consider purchasing insurance. ❖

Premium factors

- The age and value of the vehicle
- Whether it is outfitted to be street legal
- How often you use your vehicle
- Whether you take it out of state
- The insurance company you choose and the amount of insurance you buy

**WANT MORE DETAILS?
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