



NEWSBLAST

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.

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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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Driving Safety

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.

California 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.

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.

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.

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. ❖



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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.

We can offer you coverage options, so give us a call. ❖



HOW TO HAVE A SAFE 4th OF JULY CELEBRATION

FOURTH OF July is one of America's favorite holidays and it's a time to enjoy Independence Day with your family and friends. Unfortunately, every year more than 11,000 people are sent to the emergency room for fireworks-related injuries and in a typical year about eight to 10 people are killed by fireworks.

On top of that, Fourth of July fireworks start an average of 18,500 fires every year, including 1,300 structure fires, 300 vehicle fires and 16,900 outside fires, according to the National Fire Protection Association.

But you can take steps to protect your family and your property so that you don't have to be one of those statistics. It all comes down to common sense and respecting the power of the fireworks.

Mind the sparklers – Usually these are known as “kiddie” fireworks, but you may be surprised to know that they cause a quarter of house fires on the Fourth of July. Sparklers are best handled by people aged 12 and older. Children younger than 12 require extreme supervision. Everyone handling sparklers should wear closed-toe shoes, and not flip-flops or sandals, to protect their feet from sparks.

Adult supervision – Always have an adult supervise fireworks activities and never allow children to play with or ignite fireworks.

Sparklers alone account for one-quarter of emergency room fireworks injuries.

Keep a safe distance from your home – If you are going to use fireworks at home, be sure you're lighting them in a safe area. A safe area means away from homes and buildings. Look out for tree limbs or bushes that could catch fire.

If your gutters have accumulated leaves, pine needles or other flammable material, clean them before using fireworks near your home. If you're leaving town for the holiday, ask a neighbor to keep an eye on your house.

Be prepared for the worst – If you set off fireworks, keep a bucket of water handy in case of malfunction or fire. A fire extinguisher should be kept nearby in case of an emergency, especially if you are lighting fireworks on your street.

Follow instructions – Always follow instructions for lighting fireworks. If fireworks malfunction, don't relight them. Douse and soak them with water, then throw them away. Also, never ignite fireworks in a container, especially one that is glass or metal.

Stay away from others – Don't aim fireworks at other people. They can cause severe injury.

Homeowners' Issues

Appliance Safety Tips to Prevent Fires, Insurance Loss

HOME APPLIANCES provide convenience and comfort in our daily lives, but they can also pose significant risks if not maintained properly.

Fires originating from household appliances are a common cause of property damage and insurance claims.

To protect your home and reduce the chances of fires and insurance loss, follow these essential safety tips.

Clean up lint and dust

Dust and lint can accumulate behind and under your refrigerator, creating a potential fire hazard. Make it a habit to clean these areas at least twice a year.

Also, clean the lint trap after each time you use your clothes dryer, and periodically inspect and clean the vent to prevent lint buildup, which can ignite and cause a fire.

Water heater maintenance

Have your water heater checked annually by a professional to ensure it is functioning properly and safely.

You should also ensure that your water heater is in a well-ventilated area to prevent the buildup of hazardous gases.

Stove and oven safety

Keep flammable items such as dish towels, paper towels and wooden utensils away from the stove and oven. Never leave cooking unattended, especially when using oil or high heat.

Prevent power surges

Unplug electrical appliances during a power outage to prevent damage from power surges when the electricity is restored. This can help protect your appliances and reduce the risk of electrical fires.

Cord, outlet and plug safety

Cords – Regularly check the cords of your appliances for fraying or damage. Do not use appliances with damaged cords, as they can cause electrical shocks or fires.

If you find a frayed or damaged cord, replace it immediately or have it repaired by a professional.

Outlets – Avoid plugging too many appliances into a single outlet or power strip. Overloading outlets can cause overheating and lead to fires.

Use power strips with built-in surge protectors to safeguard your appliances from electrical surges.

Plugs – Do not use appliances with broken plugs or if the outlet appears damaged. Regularly inspect plugs and outlets for signs of damage and replace any damaged ones.

Install smoke detectors

Install smoke alarms in key areas of your home, such as the kitchen, bedrooms and hallways. Test them regularly to ensure they are working correctly.

Change the batteries in your smoke alarms at least once a year to ensure they function properly in case of an emergency.

The takeaway

It's important that homeowners always follow the manufacturer's instructions for using and maintaining their appliances. Misuse or improper maintenance can increase the risk of malfunction and fire.

Just to be on the safe side, consider keeping a fire extinguisher in an easily accessible area, such as the kitchen or near the laundry room. Ensure everyone in the household knows how to use it.

By implementing these tips, you can enjoy the convenience of your home appliances while minimizing the risks associated with their use. ❖

