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FISCALLY FIT
 By TERRI CULLEN



Before the Flood, Make Sure Your Home Is Properly Insured

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Many homeowners turn their thoughts to spring cleaning this time of year. But my thoughts are usually drawn toward making sure the contents of our home remain safe and protected. That's because our homeowners insurance policy is up for renewal every June.

The renewal process is usually pretty painless: Check to see whether we need to update our policy to reflect any upgrades or new purchases. If no changes are needed, I then check the rate quote by doing some comparison shopping at Web sites such as InsWeb.com and Insurance.com.

TALK WITH TERRI



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How confident are you² that your home and its contents would be replaced by your insurer in the event of a disaster? Are you considering buying flood insurance for your home? Why, or why not? Join me and your fellow readers **in a discussion³** about insuring your home.

Once satisfied that our current insurer is still offering the best deal, I typically pay our annual premium in full online and print out my payment confirmation. Generally, it takes no more than 20 minutes.

But this year, my policy renewal required a bit more attention to satisfy me that our home and its contents are being properly protected. For the past five years, my husband, Gerry, and I have been gradually making


improvements to our home that have added to its value -- and our enjoyment -- and I wanted to make sure that our coverage has increased sufficiently to protect us in the event of a disaster.

Plus, a wild card was thrown into the mix: The federal government recently updated the flood-zone maps for our area for the first time in nearly 20 years. Though our home is still not designated as being in a flood zone, we're now within 10 miles of one.

Gerry and I haven't added any new rooms or increased our home's square footage, but we have made material improvements in our kitchen and family room that would increase the cost of rebuilding our home. This year, we're planning to upgrade our siding and all of our home's windows with top-quality energy-efficient replacements. We'll need to update our home's replacement-cost coverage limit to reflect the improvements.

One way to estimate a home's replacement cost is to get an estimate from a local contractor; a formal estimate of your home's replacement cost will cost you between \$100 and \$250. For \$7.95, AccuCoverage.com will provide an estimate of your home's replacement cost based on its size, age and features.

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Steve, a family friend who's also a building contractor, gave us a free estimate. He suggested we raise the replacement-cost coverage of our home (the building itself, not its contents) to \$250,000 from \$189,000. The increase in coverage boosted our premium to \$800 from \$750.

Gerry and I insure our home for replacement cost, which means our policy pays to repair or replace damage to our home with materials of similar quality. What our current policy doesn't cover is "demand surge," or post-catastrophe inflation. Demand surge often occurs after large disasters, such as wind damage or flood, strike a wide area. When many homeowners and businesses are in need of rebuilding after a disaster, material and labor costs can skyrocket.

Our insurer does offer "extended replacement cost" coverage, which will cover an additional 20% of the cost of rebuilding the home over our policy limits. The cost: an additional \$50. (That raises our annual premium to a total of \$850.)

After checking over our limits on liability insurance and replacement costs for the contents of our home, I was satisfied we were adequately insured -- except in the event of a flood.

Flood insurance is relatively inexpensive for people who don't live in high-risk areas. Average premiums run about \$600 a year, though homeowners in high-risk areas can pay as much as \$5,400 a year. Renters in low-risk areas can protect their belongings for about \$200 a year, or \$2,200 for high-risk zones. (You can estimate your flood-insurance costs at Floodsmart.gov.)

Gerry and I have decided it's worth our peace of mind to buy flood insurance -- at an additional cost of \$348 a year. We already had minor water damage in our home after a severe storm the first year we purchased the home. With revamped federal maps indicating the threat of flood growing nearer, it's foolish to keep pressing our luck.

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