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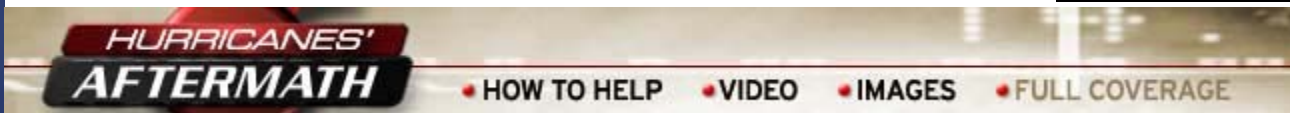


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Do you have enough homeowners insurance?

Hurricanes serve as reminder to check policy limits, rebuilding costs

By Vanessa Richardson

MSNBC contributor

Updated: 12:47 a.m. ET Sept 21, 2005

Evalisse Ramos, a 40-year-old hotel manager, recently renovated her Tampa home, adding a new roof, an extra bathroom and upgraded kitchen appliances.

She thought everything was taken care of when the construction team put away their tools — until her contractor mentioned how the price of concrete was skyrocketing. Then she decided to call her insurance agent to make sure she had enough coverage to rebuild her home as it is today.

“With hurricanes hitting and the cost of building materials going up, I just knew that my policy needed to be upgraded,” Ramos says.

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She's right: Homeowner policies just don't cover as much as they used to. Insurance rates are rising, especially for the cost of rebuilding after a hurricane or other disaster, because of rapidly increasing costs for building materials and stricter construction codes.

In fact, the cost of lumber alone increased 17 percent from 2003 to 2004, according to the U.S. Department of Labor.

Many homeowners have failed to notice that their coverage needs adjusting, or they just can't afford to take on the extra costs. The result: Many homes are woefully underinsured. A 2005 survey by Marshall & Swift/Boeckh, a building cost information company in Los Angeles, found that 59 percent of American homes are undervalued for insurance purposes by an average of 22 percent.

Some homeowners simply purchase enough insurance to satisfy their mortgage lender. Others confuse the real-estate value of their home with what it would cost to rebuild it. In reality, you should have enough insurance to rebuild your home in the event it is completely destroyed. Some steps to ensure you're fully covered:

Review policy limits annually. Making sure your home has sufficient insurance coverage should be a periodic exercise. Jeanne Salvatore, senior vice president of public affairs for the Insurance Information Institute in New York, recommends that homeowners contact their insurance agent at least once a year. "Other events that should trigger a call to your insurance company are if you've made a major alteration or addition to your home, or received an expensive gift, say a plasma TV for Christmas," she says. "Also let your agent know if you've made a lifestyle change, such as getting married or taking in an elderly parent who has lots of valuable family heirlooms."

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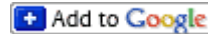


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