



Maintaining Adequate Insurance

If you do not insure your home for at least 80% of its replacement value, your claim will not be settled on a replacement cost basis. Therefore, it is important to review your homeowners policy periodically to determine whether you are carrying enough insurance to be fully covered.

The addition of a room, or other substantial home improvements, will also increase the replacement cost of your home, and you should adjust your coverage accordingly.

Due to inflation, the replacement cost of your home generally increases each year. To anticipate inflationary increase, most insurance companies offer policies that automatically increase the amount of insurance periodically. If you do not have such protections, you should be reviewing you policy each year to make sure your coverage is keeping pace with inflation.

Basic Amounts of Coverage and How to Add to the Basics:

The amount of coverage available for personal property losses and other losses is generally related, by percentage, to the amount for which the dwelling is insured. The following shows this relationship for the most widely used policy form, the Homeowners 3, usually referred to as the Homeowners Special Form. The percentages used in the example below are amounts that generally provided by insurers. If you think you need coverage exceeding these percentages you should contact your insurer. Using a residence insured for \$200,000 as an example, the following amounts or percentages would generally apply as additional property coverages:

In the following table, Column One is Coverage, Column Two is Amount and Column Three is Percentage of Residence Limit.

Coverage	Amount	Percentage of Residence Limit
Garages, storage sheds, etc.	\$20,000	10%
Personal property on premises	\$100,000	50%
Personal property off premises	\$1,000	or 10% (whichever is greater)

Additional living expenses \$40,000 20%

In addition to these limits on general categories of property, there are further limitations for specific types of property.

Here are some examples of typical limitations:

Amounts	Limitations
\$200	On money, bank notes, bullion, gold & silver;
\$1,000	On securities, accounts, deeds, letters of credit, etc.;
\$1,000	On watercraft (including trailers);
\$1,000	On trailers not used with watercraft;
\$1,000	For loss by theft of jewelry, watches, furs, and precious and semi-precious stones;
\$2,500	For loss by theft of silverware, silverplated ware, goldware, goldplated ware and pewterware;
\$2,000	For loss by theft of guns;
\$2,500	On property on the residence premises used at any time or in any manner for any business purpose;
\$250	On property away from the residence used at any time or in any manner for any business purpose;
\$1,000	For loss to electronic apparatus (antennas, tapes, wires, discs, etc.) in or on a motor vehicle.

You must remember that the above special limits are not in addition to the total limit available for a personal property loss but part of that limit. These special limits represent the total amount that a company will pay for a loss of all property in that category. Therefore, if you have expensive jewelry, furs, cameras, or a coin, stamp, or sports card collection, you should consider insuring them separately by endorsement with a higher limit of coverage or by purchasing a separate policy, called a personal articles floater.

Increased Limits of Liability:

The limits for personal liability and medical payments are not offered as a percentage of the residence limit and the medical payments limit is included within the personal liability limit. Generally, personal liability limits of \$100,000 per occurrence and medical payments limits of \$1,000 per person are sold to the public. Higher limits of liability for these two coverages can also be purchased.

Home Computer Coverage:

In recent years, many people have purchased home computers for personal and business use. Since this equipment can be quite expensive it is important to be aware of how much coverage is available in the event of a loss. Normally, home computers used for personal use are subject to the limit available for personal property. However, if they are used for business, the company will only pay up to \$2,500, as shown previously. If you feel that you need higher limits for your business computer, you should contact your company, agent or broker to see if higher limits are available through the purchase of an additional endorsement or a separate policy.

If you do not purchase higher limits and use a laptop computer for business purposes, you should be aware that if it is lost or stolen, the location of the loss determines the coverage available. If the loss occurs at home, the coverage limit is \$2,500, while if the loss occurs away from home it is only covered for \$250.

Workers' Compensation Insurance:

In 1985, the Insurance Law was amended to require that any policy that provides personal injury liability and is issued for a one-to-four family, owner occupied dwelling or condominium apartment also provide workers' compensation insurance. This insurance would apply to any employee working less than 40 hours per week, performing household chores or yard work, in or about the residence. It should be noted, however, that certain classes of employees are exempt from coverage under the New York State Workers' Compensation Law. Anytime you hire someone to work for you, you should check with your insurance agent, broker or company to determine whether those employees would be covered under your policy.

Home Day Care Coverage:

There is limited liability coverage under your homeowner's policy for day care activities. Ordinarily coverage is provided if you take care of one or two children for a mutual exchange of services. This means that if you take care of a friend's children in exchange for their day care services for your children, with no exchange of money, liability coverage will be provided under your policy.

If you provide day care services in exchange for money, it is considered a business enterprise and you must purchase additional coverage. Some companies will provide day care coverage for up to six children with a premium charge per child and provide a separate limit of liability equal to the personal liability limit that is already provided under your policy. Premium charges vary from company to company so you must contact your insurance representative for more details concerning this coverage.