

If You Are Planning to Remodel Your Home, Notify Your Insurance Company First

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NEW YORK, April 27, 2012 ? Home improvement activity is expected to pick up in 2012, and if you are one of the many Americans planning to remodel your home this year, it is important to have the right amount and type of insurance both during and after the renovation, according to the Insurance Information Institute (I.I.I.).

A study by the Remodeling Futures Program at the Joint Center for Housing Studies at Harvard University predicts that there will be a 5.9 increase in spending on remodeling projects in 2012.

?If you plan to remodel your home, contact your insurance agent, broker or company representative. You want to be sure that you have all of the necessary insurance coverages during and after the renovation,? pointed out Jeanne M. Salvatore, senior vice president and consumer spokesperson for the I.I.I. ?Don?t make the mistake of waiting until after your renovation is underway or you could find yourself dangerously underinsured.?

The I.I.I. points out the following four key steps when remodeling your home:

1. Talk to your insurance agent, broker or company representative before you start the project

- Let your insurance company know about your remodeling plans. Ask if you will need to update your homeowners insurance and whether you need other types of insurance to protect you financially during the project.
- If you are planning a simple, do-it-yourself project, only take it on if you are qualified to do the work. If friends or family are going to help out, make sure that you have sufficient liability protection in the event someone gets injured. This includes raising the amount of no-fault medical protection on your home insurance policy so that if someone is injured he or she can simply submit the doctor?s bills to your insurance company; this can lessen the risk of being sued.
- If you are planning a bigger project, look into a getting a builder?s risk policy (also known as a ?course of construction? policy). It may be available as a stand-alone policy, or as an add-on to your homeowners policy. This coverage generally protects a home from damage incurred during construction, including wind and rain, theft of materials such as carpeting, tile or wood (though not the contractor?s equipment), and vandalism.

2. Verify that your contractor has insurance coverage

- Ask to see a copy of your contractor's insurance policies. The contractor should have both a commercial business/general liability insurance policy and workers compensation. It is important that the workers remodeling your home be adequately insured so that if a worker is injured he or she does not sue you.
- If the contractor is not adequately insured or is unwilling to verify their insurance coverage, consider hiring someone else.

3. Keep records and receipts

- Take photographs before, during and after the renovation so that you have a visual record of all of the work done on your home.
- Keep copies of any contractor contracts, and receipts for work done and materials purchased.
- If you purchase new belongings as part of the remodeling, keep receipts and add the information to your home inventory. The I.I.I.'s free Know Your Stuff® ? Home Inventory software helps make creating and updating a home inventory simple. The I.I.I. also has a companion home inventory iPhone app (search for ?iii inventory? in the Apple app store).

4. Update your insurance coverage after the renovation

- Make sure that your insurance company knows about the improvements to your home. After a major renovation, you may need to increase the amount of insurance you have to rebuild your home. Be prepared to forward all records and receipts to your insurance company so that they can accurately assess your insurance needs.
- You may also need to purchase additional coverage for your personal possessions. If you have purchased art or other expensive items, find out whether you should purchase additional coverage in the form of a floater or endorsement. This is an individual policy for expensive items that provides a higher level of insurance coverage.
- Consider getting more liability protection if you added a swimming pool or hot tub as these are considered ?attractive nuisances? and could leave your vulnerable to lawsuits. You may want to ask your insurance agent about getting an excess or umbrella liability policy as a cost-effective way to increase your overall liability protection.
- Ask about discounts. You may qualify for a discount of at least 5 percent if you installed stronger doors, smoke detectors, a burglar alarm or dead-bolt locks. Some companies may cut your premiums by as much as 15 or 20 percent if you install a sophisticated sprinkler system and a fire and burglar alarm that rings at the police, fire or other remote monitoring stations. If you updated the heating, plumbing or electrical systems you may get a reduction in your premium as this reduces the risk of fire and water damage. Adding storm shutters or shatter-proof glass, reinforcing your roof or purchasing stronger roofing materials may also reduce your insurance costs.
- If the alteration to your home was as a result of a major change in your life such as a marriage, the addition of a new child, establishing a home-based business or an elderly relative moving into your home, you may also need to reevaluate a number of other insurance needs. Now is a good time to discuss these major life events with your insurance professional to see if you should update your life insurance, get business insurance or secure other coverages.

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