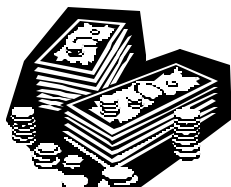




UNDERINSURING YOUR HOME COULD COST YOU THOUSANDS!

GET THE FACTS!



An insurance policy is a legal contract between you and the insurance company.

Contracts cover structural claims on a replacement cost or actual cash value basis. Each has different coverage requirements.

Since all replacement cost contracts aren't alike, It's important to read your policy carefully. Know what Is and Isn't covered before a loss occurs. The same Is true for actual cash value policy forms.

Property loss settlements hinge on the figure you select for the Coverage A Dwelling Limit. UNDERinsuring your home means the Coverage A Dwelling Limit is lower than it should

REPLACEMENT COST BASICS

Replacement cost refers to the cost of rebuilding your home with similar materials. Age, wear, and tear aren't factors.

Features NOT included in replacement cost:

- Mortgage value
- Market Value
- Land Value

You must insure the dwelling for a specific percentage of its replacement cost, often 80%. This is known as the co-insurance requirement. If you select a limit less than this figure, you're UNDERinsured.

Some policies offer guaranteed replacement cost coverage. The dwelling limit must then match 100% of the home's replacement cost. The advantage is that structural claims aren't restricted by the policy limit. Read the contract carefully though, as there may be a settlement cap restricting coverage to 120% (or some other specified figure) of the policy limit.

ACTUAL CASH VALUE BASICS

Actual cash value refers to the cost of rebuilding your home but reduces the figure based on depreciation. Age, wear, and tear are factors.

These policies cover fewer perils, provide less coverage, and typically have no coinsurance requirements.

HOW DOES UNDERINSURING YOUR HOME COST YOU?

If you have a **loss**, UNDERinsuring your home could cost you thousands. Specifics depend on the type of contract you have.

Replacement Cost Policy:

- Settlement is based on the lesser of:
 1. Actual cash value of the damaged property. (Replacement cost less depreciation.)
 2. Percentage of insurance you have in relationship to the dwelling's replacement

cost. (If you're insured for 60% of the home's replacement cost, settlement is adjusted to pay 60% of the damages.)

Actual Cash Value Policy: Settlement is based on the policy limit.

- If there's not enough insurance, you won't have enough to make the repairs or get another home.

HOW CAN YOU AVOID UNDER-INSURING YOUR HOME?

Know your contract's requirements. Review and update the policy limits and coverages annually. Seek advice from your insurance agent, company, or other professional.

Add inflation guard protection. This optional endorsement raises the coverage limit each year based on construction costs in your area.

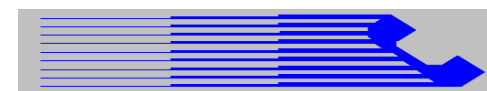
WHAT IF THERE'S STRUCTURAL DAMAGE TO YOUR HOME?

1. Report the damage to your insurance agent or company as soon as possible.
2. Make temporary repairs to prevent further damage. Save the receipts as these costs are covered by most homeowners Insurance policies.
3. The insurance company will assign a claim number and claim adjuster to your loss. Keep this information handy as you may need to refer to it later.
4. Complete a claim report describing the loss and listing items that are damaged, destroyed, or missing. Be as specific as possible.
5. Depending on the loss, the adjuster may need to visit your home. Don't discard anything until the adjuster has seen the damage or given his/her approval to do so.
6. The adjuster will prepare a written damage estimate. Request a copy for your records. Ask questions about items you don't understand. The initial settlement is typically reduced for depreciation, but the company will pay the balance once repair/replacement is complete.
7. Contact your adjuster if you have questions about the claim process or the settlement offer. Whenever possible try to work with company representatives to resolve a disagreement

.This information is provided by the Illinois Insurance Hotline, an industry sponsored consumer resource. Consultants are available to answer general insurance questions between 9:00 a.m. and 4:00 p.m. Monday through Friday.

The Illinois Insurance Hotline

1-800-444-3338



We're here to help!

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