DOCUMENT AND INSURE YOUR PROPERTY

FEMA

Your home, your personal belongings, and your business are meaningful and valuable assets. If a disaster strikes, having insurance for your home or business property is the best way to ensure you will have the necessary financial resources to help you repair, rebuild, or replace whatever is damaged. Yet, more than half of all homeowners in the United States do not carry adequate homeowners insurance to replace their home and its contents should a catastrophic loss occur. Now, before a disaster strikes, take the time to:

DOCUMENT
YOUR PROPERTY

UNDERSTAND
YOUR OPTIONS FOR COVERAGE

ENSURE
YOU HAVE APPROPRIATE INSURANCE FOR RELEVANT HAZARDS

Not all insurance policies are the same. Coverage amounts, deductibles, and payment caps can vary significantly. Consult with your insurance professional to be sure your policy is right for you. It is also important to review your policy annually to remind yourself of your coverage and to make any updates based on new purchases, renovations, increases in property value, or increases in costs to rebuild or replace items.

DOCUMENTING YOUR PROPERTY AND SAFEGUARDING RECORDS

INVENTORY YOUR HOME OR BUSINESS.

Regardless of the type of coverage you buy, maintaining a detailed inventory of your property's contents will assist you if a disaster strikes. Your inventory will help you prove the value of what you owned, which could speed your claim processing, and will provide documentation for tax deductions you can claim for your losses. An up-to-date inventory can also help you to determine the correct amount of insurance to purchase.

You can take photos or videos to help you record your belongings, but be sure to also write down descriptions, including year, make, and model numbers, where appropriate. For valuable items, you may want to have an appraisal to determine the item's worth. Be sure to store your inventory somewhere it can be easily accessed after a disaster.

KEEP VITAL RECORDS IN A SAFE PLACE.

Store paper copies in a waterproof and fireproof box, safe, or bank deposit box. Leave copies with trusted relatives or friends. Secure electronic copies with strong passwords and save them on a flash or external hard drive in your waterproof box or safe.

STORE POLICY NUMBER AND CONTACT INFORMATION NEARBY.

Keep your policy number, your insurance professional/company phone number, and claim filing instructions in a secure, convenient location.

UNDERSTANDING WHAT A POLICY COVERS

HOMEOWNER: A homeowner's policy generally provides the following areas of coverage:

- Dwelling—coverage for your house;
- Other Structures—coverage for structures such as garages, decks, and fences;
- Personal Property—coverage for items such as furniture, clothing, and appliances;
- Loss-of-Use—compensation if you need to relocate temporarily due to covered damage;
- Personal Liability—coverage for accidents occurring on your property; and
- Medical Protection—payments for a person who is injured on your property.

If you live in a manufactured home, in a condominium, or on a farm, there are policies specifically designed for these types of residences. For example, policies for condominiums primarily cover contents with a provision for the portions of your home that are your responsibility to maintain or repair, as stated by your condominium association.

Your bank or mortgage lender may have minimum insurance requirements as a condition of your loan, but be sure to carry enough coverage for **your** needs.

RENTER: Renters insurance policies can include the following coverage types:

- Personal Property—coverage for items such as furniture and clothing;
- Loss-of-Use—compensation if you need to relocate temporarily due to damage;
- Personal Liability—coverage if sued due to accidental injury to others;
- Medical Payments—payments for a person who's injured on your property; and
- Property Damage to Others—coverage if you accidentally break or damage someone else's property.

Most responsible landlords and professional property management companies will require proof of renters insurance when a lease is signed.

BUSINESS: If you own a business, you may need to purchase business (or commercial) insurance to protect your business property and employees. The size of your business (as measured in revenue and number of employees), the type of business, and your business location will determine the appropriate types of insurance. Note that home-based businesses may not be covered under homeowners insurance policies, so having business insurance is critical if you run a small business out of your home.

UNDERSTANDING WHAT A POLICY COVERS (CONTINUED)

An insurance professional can help you customize your policy based on your particular needs, such as insuring specialized equipment. Standard business policies generally include the following types of coverage:

- Property—protection of your physical business location, such as a store, and its contents;
- Liability—payment for medical costs and other obligations if someone gets hurt on your business property or you or your employees cause property damage, including legal defense costs if you are sued; and
- Business Interruption, or Business Income—coverage for lost revenue in the event that a business needs to close due to fire, burglary, or another covered disaster; assistance making rent and utility payments; and coverage for operating your business from a temporary location.

An insurance professional can assist a business owner with these additional types of commercial coverage:

- Business Vehicle—automotive insurance specifically designed for business vehicle use;
- Workers' Compensation—coverage that provides cash benefits and/or medical care for employees who are injured or fall ill as a direct result of their job;
- Flood Insurance—coverage designed for damage to a business property and its contents caused by flooding, which is not typically covered under general business insurance;
- Cyber Liability—protection against cyber risks and costs, including data loss or corruption, identity theft, extortion, and reputation recovery; and
- Terrorism—coverage for buildings, equipment, furnishings, and inventory damaged or destroyed in a terrorist attack.

The insurance industry calls the cause of loss, such as fire or theft, a "peril." Be sure to check for which perils your policy lists. A homeowner's policy may provide coverage for different perils for the dwelling and for personal property. The policy may also have different deductibles based on the peril.

To have appropriate and adequate coverage for your home or business, it is important for you to consider the perils for your area. Homeowners, renters, and business owners who live in areas at high risk for losses from a particular peril may pay a higher cost for coverage. **Always** check your individual policy for details. In general, according to the Insurance Information Institute, homeowners insurance policies cover the following potential perils:

- Civil unrest
- Explosions
- Falling objects
- Fires/Wildfires
- Hail
- Hurricanes, but not flooding
- Malfunctioning plumbing, air conditioning, heating, and sprinkler systems
- Theft
- Tornadoes, but not flooding
- Vehicular damage
- Volcanoes

Flood and Earthquakes: Most homeowner and business insurance policies **do not cover** damage from earthquakes and floods. Talk with your insurance professional if you are at risk for flooding or mudflows, including flooding caused by hurricanes or earthquakes. Basic flood insurance covers structural damage to your home or business building, including your air conditioner, furnace, and water heater. Flood insurance also covers associated cleanup costs. Home and business owners can purchase additional coverage for the building's contents. Note that flood damage to your vehicle is typically covered by your auto insurance's comprehensive coverage. Other important information to know about flood insurance includes:

- Flood insurance is available to homeowners and renters through the National Flood Insurance Program in participating communities. Keep in mind that a policy purchased today will take 30 days to go into effect. For more information, visit floodsmart.gov or call 1–888–4FLOODS.
- Separate policies are also needed for coverage against losses from earthquakes.

If you are unable to find an insurance company willing to offer a policy that meets your needs for the perils you may face, contact your state insurance department for information on what coverage is available in your state from an involuntary market/shared market or a state-backed plan.

KNOWING YOUR SETTLEMENT OPTIONS

Familiarize yourself with the settlement types available for your dwelling and personal property and choose the one that best meets your needs. The cost of your policy and the claim amount you receive will vary depending on the type of settlement you choose.

Replacement Cost: This is the cost to replace all belongings or rebuild your home at current market rates. "Guaranteed" or "extended" replacement cost policies account for pricing surges in supplies and labor after a major disaster. Homeowners can also purchase additional replacement cost coverage to account for the cost of complying with updated local building codes. For replacement cost coverage, it is important to have an accurate assessment of how much it would cost to rebuild your home or to replace your belongings. Replacement cost settlements may not be available for older homes.

Functional Replacement Cost or Market Value Coverage: This is the cost of repairs made with modern materials to provide the functional equivalent (e.g., a plaster wall is repaired with drywall), or if the damage is a total loss, the payment amount is the market value of the home.

Actual Cash Value: Your insurance company will reimburse you by estimating the current value of your home and belongings, including depreciation. For example, if you purchased a large high-definition television 5 years ago, you will receive the estimated value of a 5-year-old television.

Stated Value: This is a pre-determined, fixed amount listed in your policy.

QUALIFYING FOR DISCOUNTS

Ask your insurance professional about potential discounts on the cost of your policy. Some insurers offer discounts for the following:

- Purchasing homeowners/renters and auto insurance from the same provider;
- Installing smoke detectors, burglar alarms, sprinklers, or other improvements designed to mitigate particular hazards, such as wind shutters or reinforced roofing;
- Having a membership in a professional, alumni, or business group;
- Being a senior or retiree; and
- Being a long-term policyholder.

FILING A CLAIM

If you sustain damage to your home, property, or vehicle, take the following steps to help make the claim process go smoothly:

- File Claims Promptly. Many policies have time limits on when you can file a claim.
- Save Receipts. Keep receipts for any construction or hardware supplies you purchase, as well as hotel and restaurant expenses should you need to relocate temporarily.
- Take Pictures and Video. Record damage to your home, personal property, or vehicle. Keep copies for your records and to share with your insurer.
- Work With Your Adjuster. An adjuster will likely come to your home to survey damage. Cooperating with your adjuster can save time and assist you in receiving your settlement promptly.

ADDITIONAL INFORMATION

- Visit ready.gov/prepare to learn more about specific risks and what protective measures to take before, during, and after a disaster.
- For additional information about preparing your home to better withstand disasters, as well as recovering, repairing, and rebuilding following disasters, visit the Insurance Institute for Business & Home Safety at disastersafety.org.
- To download a homeowner's guide to natural disasters, including ways to reduce potential damages and premiums, visit flash.org/homeownersinsuranceguide.
- For information on insurance regulations in your state, contact your state insurance commission. A map linked to each state's insurance commission website is available at naic.org/state_web_map.htm.
- For insurance-specific questions, visit the Insurance Information Institute at iii.org.

The reader recognizes that the Federal Government provides links and informational data on various disaster preparedness resources and events and does not endorse any non-Federal events, entities, organizations, services, or products.

NOTES

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12 WAYS TO PREPARE

- ☐ Sign up for Alerts and Warnings
- ☐ Make a Plan
- ☐ Save for a Rainy Day
- ☐ Practice Emergency Drills
- ☐ Test Family Communication Plan
- ☐ Safeguard Documents
- ☐ Plan with Neighbors
- ☐ Make Your Home Safer
- ☐ Know Evacuation Routes
- ☐ Assemble or Update Supplies
- ☐ Get Involved in Your Community
- ☐ Document and Insure Property