

Ask and Answer These Questions in Your Annual Insurance Checkup

By John D. "Okie" Doak, Oklahoma Insurance Commissioner

Whether you rent or own a home it is wise to review all of your insurance policies annually to be certain you have the right type of coverage, and for the right values.

When performing an annual insurance review, first answer these three questions:



1. What type of coverage do I have?

Homeowners' vs. Renter's Insurance: A homeowners' policy covers the structure, its belongings and your legal exposure if someone is injured on your property. A renter's policy doesn't insure the structure, but otherwise provides similar protection.

Actual Cash Value (ACV) vs. Replacement Value (RV): Your policy offers one or the other. ACV is the amount it would take to repair damage to a home or to replace its contents after allowing for depreciation. RV is the amount it would take to rebuild or replace the home and its contents with similar quality materials and goods, but without deducting for depreciation.

Liability Limits: Liability insurance protects you from legal obligations arising from accidents involving visitors to your home. With a few exceptions, particularly auto or boating accidents, all-purpose liability coverage follows wherever you go.

Medical Payments: Homeowners' and renter's policies usually include limited medical coverage for injuries occurring to visitors on your property. Your plan might also cover medical care of someone who is injured by you, a member of your family, or a family pet even while you are away from home.

2. How much coverage do I need?

Do a Home Inventory: A comprehensive list of possessions helps determine your appropriate amount of coverage and is indispensable in the event of a loss. Include pictures or video if possible and write down as much detail as you can about the items, including when they were purchased and at what cost. Store both inventory and photos at a safe, off-site location. As victims of the March 11-12 wildfires in Harrah have told me, valuables can burn even inside a "fireproof" safe.

Don't Over-Insure: Your coverage should include outdoor structures on your land and any goods within. However, you don't need to insure the land itself, and needn't carry excessive levels of liability coverage.

3. What are my discounts and deductibles?

Ways to Save: Most insurers offer discounts for customers who buy more than one type of policy (auto, home and life, for instance), for those who rarely file claims, and for longtime policyholders. To save on monthly premiums consider a higher deductible – the amount you're responsible for at time of loss – but realize you will pay more if you do suffer a loss.

After finishing your policy review, ask your agent these five questions:

1. Is the coverage on my home and its contents enough, or perhaps too much?

Your home inventory will help the agent answer this question. Valuable art, jewelry, heirlooms or collectibles might require special coverage. Running a business from home affects your premiums and should be mentioned, too.

2. Is my premium as low as I can reasonably expect it to be?

Ask about discounts and the savings from higher deductibles. Also see whether “mitigation” – taking steps to protect against a loss before it happens – can help limit your home's exposure to local risks (like wildfires), because with reduced risk often comes a reduced premium.

3. Should I be covered against flood or earthquake?

Neither is covered by a standard homeowners' or renter's policy. Optional coverage is available for both.

4. Would my long-term financial health benefit from an umbrella policy?

Such policies provide excess liability limits and possibly other coverage above and beyond a typical homeowners' or renter's policy. As your assets grow, your agent might suggest a bigger umbrella.

5. Has anything about my coverage changed in the past year?

Insurers sometimes change policy terms at renewal, but must notify you first. Read carefully all correspondence from your insurance company. Ask your agent whether there are any anticipated coverage changes at your next renewal.

For more information about insurance or to check the licensing status of a company or agent in the state call the Oklahoma Insurance Department's Consumer Hotline toll-free at (800) 522-0071, or visit us online at www.ok.gov/oid.