



Guidelines for Financially Preparing for Wildfires

Do you have enough homeowners insurance?



Insurers and homeowners share a common goal of reducing exposure to losses from wildfires and ensuring that consumers have adequate homeowners coverage in place to recover from financial losses that can occur.

It is very important to regularly revisit the amount of insurance carried on a home to be certain it is sufficient to cover a major loss. An annual insurance check up will help make sure you have enough insurance coverage to rebuild your home in the current construction market.

Here are some guidelines to make sure you have enough insurance:

- **Understand Your Policy** – The typical homeowners policy covers damage caused by wind, fire and lightning. Comprehensive auto insurance generally covers damage or destruction to a vehicle from a fire.
- **Maintain Adequate Insurance** – Homeowners should insure their home for the total amount it would cost to rebuild, not the market value. Consider your need for an umbrella policy for special items, such as gun collections or expensive jewelry. If your home is paid off, be sure to maintain a homeowners insurance policy so you can rebuild in the event of a fire or other disaster.
- **Review Policy Regularly** – Review your property insurance policy with your insurance company or agent. If you have recently remodeled or built a new addition onto your property, be sure to increase the amount of protection to cover the new materials or expanded square footage.
- **Understand the Types of Insurance Policies** – Learn the difference between a replacement cost policy, which generally reimburses for the full value of the damaged item, and an actual cash value policy, which will only provide reimbursement for the depreciated value of the item. Decide which type of policy best fits your needs.
- **Understand Construction Costs and Building Codes** – It is important to consider the current construction costs for building new homes in your neighborhood. If your home is older, ask if your policy includes coverage for building code upgrades. Many insurers offer an optional enhanced replacement cost endorsement. This endorsement typically adds an additional 25 percent to the coverage limit for your dwelling.
- **Keep an Inventory** – To speed the claims processing along, keep an inventory of your personal items and photograph or videotape them for documentation purposes. The more detail you have, the easier recovery can be. Keep receipts for major purchases and keep records of the age, current value, make, model and serial number of your personal property. Keep your inventory and a copy of your policy at another location, such as a safe deposit box or at your bank.

