



Updating your home insurance after a loss: (Staying protected without wasting money)

If your home and property was severely damaged or destroyed, you may be thinking about adjusting your insurance coverage to avoid wasting money insuring things that no longer exist. But any time you ask an insurer to reduce your coverage, you're taking a risk that you'll end up underinsured. You want to keep the coverage that you *do need*. These tips aim to help you make the right decision for your individual situation. Factors to consider:

- How fast are you likely to replace furniture and high value items that should be insured?
- Are you definitely rebuilding or might you buy a replacement home elsewhere?
- Could someone get injured on your property while it's uninhabited?
- Do you live in an area where there are few options for buying homeowners insurance?
- Do you have a reliable agent or broker advising you?
- Does buying a "Course of Construction" or Renters policy make sense?

Your insurance agent or company representative *should* help you adjust your coverage to avoid wasting money while keeping important protections in place. They may discourage you from reducing or changing your coverage or they may recommend tailoring your policy to your current situation. The only way to know if their recommendations are in your best interest is to ask good questions and get clear answers before you make changes to your current policy.

Many people are afraid that if they reduce or cancel their coverage after a loss they won't get it back when they need it. That may be a justified fear if you live in an area that's been hit repeatedly by natural disasters. But in most parts of the country, there are plenty of companies that want your business and will be happy to sell you a property insurance policy that fits your current needs.

"Cancellation" is when an insurance policy contract is broken in the middle of its original term. Either you or your insurer can cancel under certain conditions. The most common reasons policies get cancelled is for non-payment or a change in conditions (e.g. you no longer own or rent the home). Your insurer can cancel your policy if you've missed one or more premium payments. Each state has rules on when and how your insurer must notify you (and your mortgage company) before cancelling your policy. A cancellation can be deemed *invalid* if the insurer did not give proper notice.

"Non-renewal" is when your insurance company tells you they won't be renewing your coverage when the current policy expires. In most states, your insurer is free to non-renew you with or without cause. Some states require insurers to explain why they're non-renewing you. To find out what the laws are in your state, start by checking with the agency that oversees ("regulates") insurance companies. To find that agency, visit the [State by State Assistance](#) section of www.uphelp.org

Here are frequently asked questions about insuring your home after a loss:

Q: What do I do if my new house isn't completed when my policy comes up for renewal?

A: Contact your insurer to discuss what insurance protection you need for the construction site and your temporary residence.

Q: What if my insurer decides to drop me/non-renew coverage, even though my replacement home has not been completed? I'm afraid that no one is going to insure a half-built home.

A: In California your insurer cannot cancel or refuse to renew coverage for one year after a loss as long as you keep paying your premiums. CA. Ins. Code sec. 675.1. Check with your state Department of Insurance to find out the rules around being "dropped" in your state. If your insurer drops you without proper notice, file a complaint with your state Department of Insurance. You also want to follow up with your insurer and ask for the reason you were dropped. Create a paper trail as you shop for a replacement policy.

Q: What will happen to my personal property coverage if I reduce my dwelling coverage limits during reconstruction?

A: If you reduce your dwelling coverage, you will probably reduce your personal property coverage too.

Q: What coverage do I need during the reconstruction period?

A:

- Liability coverage in case someone sues you.
- Coverage for personal property as you replace items.
- Depending on your situation, you may need Course of Construction coverage or other insurance to protect you for construction related incidents.

Q: Do I need coverage for my temporary residence, furniture and "stuff"?

A: Yes. Ask your insurer if your current policy covers or can be adjusted to cover your temporary residence.

Q: Is there a way to increase my personal property limit in temporary housing, even if I choose to reduce or change my homeowner's insurance?

A: You can buy a renters insurance policy.

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