

Remember to remodel your home insurance before remodeling your home



Homeowner spending on remodeling projects is projected to increase 44% between 2005 and 2015, according to a recent Harvard University study.¹ Yet, as you plan that kitchen upgrade with new cabinetry, tile and appliances, remember to also remodel your home insurance policy.

Your property insurance limits are tied to your home's replacement cost—the amount needed to rebuild your home with the same quality and type of materials in the event of a total loss—and not its market value. If you live in a region currently experiencing a cool real estate market, your home's market value may have diminished. However, this does not mean the cost to rebuild the home after a loss will necessarily be less.

Many insurers have developed tools to help you determine a proper replacement cost estimate, and also offer a low-cost endorsement (an amendment attached to your insurance policy) that, in the event of a total loss, offers additional coverage up to 120% of your policy's coverage amount.

Homeowners should review their home insurance coverage on a yearly basis and it is especially important to do so before beginning any home improvement project. Increasing your coverage before renovations will protect you from the costs of repairing or rebuilding damage to the new addition. Your home's replacement cost estimate should also reflect the price of building materials and labor associated with residential construction in your community. This, of course, tends to fluctuate due to inflation and other factors, so be sure to ask your insurer if they offer inflation protection coverage. This coverage, which automatically adjusts your policy limits to keep pace with inflation, is usually free.

Whether you are renovating that master bath, bumping out a dormer, or adding a three-season porch, be sure a complete home insurance review is on your checklist. However, adjusting the coverage limits of your policy isn't limited only to major renovations. Any special changes to your home might make your protection inadequate, such as finely crafted doors, moldings, and countertops, uniquely pitched or vaulted ceilings, or stained glass windows.

Or, if a home improvement project isn't in the near future but you haven't reviewed your home insurance policy in the past year, call your Liberty Rep for a professional consultation on your limits, endorsements and to make sure that you are receiving all the discounts available to you.



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For a consultative review of your insurance needs, please call:

Steve Kosydar

630-250-7100 or 800-613-1070

Ext. 56599

Stephen.Kosydar@LibertyMutual.com

555 W. Pierce Rd.

Ste. 100

Itasca, IL 60143



¹ "Foundations for Future Growth in the Remodeling Industry" report. Joint Center for Housing Studies press release, Harvard University. Feb. 8, 2007.