

Home Update

Current real estate and market trends from Windermere

650 • Volume 27 • Issue 07

Homeowners Insurance

Protect your home and those you share it with

In addition to providing shelter and comfort for ourselves and our loved ones, our home is often our single greatest asset. And it's important that we protect that precious investment. Most homeowners realize the importance of homeowners insurance in safeguarding the value of a home. What they probably don't know is that about two-thirds of all homeowners are under-insured. According to a national survey, the average homeowner has enough insurance to rebuild only about 80 percent of his or her house.

The shortfall is the result of several factors:

- Home values have increased significantly. Most homes are worth considerably more than they were five years ago.
- Construction costs are up. Rising prices for lumber, copper piping and labor have pushed up replacement costs by seven percent a year since 2001.
- Home remodeling is at an all-time high. From outdoor rooms to gourmet kitchens, homeowners are upgrading their living spaces, but not updating their policies to reflect the increase in value.

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We have a lot invested in our homes, both financially and emotionally. Homeowners insurance is a way to safeguard that special investment. Here is some information that will help you ensure that your home-and your family-have the protection you need.



Stacey Lange

Cell: 425-876-6164

staceylange@windermere.com

www.staceylange.com


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■ Insurance policies have changed. Rather than offering “guaranteed replacement cost” coverage, which pays whatever it costs to rebuild a home exactly the way it was, most standard policies provide only “extended replacement cost,” which places a cap on building costs that may be less than the actual cost of rebuilding the home.

What a standard homeowners policy covers

A homeowners insurance policy covers your home, your belongings, injury or property damage to others, and living expenses if you are unable to live in your home temporarily because of fire or other insured disaster.

The policy pays to repair or rebuild your home if it is damaged or destroyed by fire, lightning or another disaster listed in your policy. Some risks, such as flooding or acts of war, are routinely excluded from most policies.

Your belongings, such as furniture and clothing, are insured against theft, fire or other insured disaster.

Also covered are the legal costs for injury or property damage that you or family members, including your pets, cause to other people. If someone is injured on your property and decides to sue, the insurance will cover the cost of defending you in court and any damages you may have to pay. Policies also provide medical coverage in the event someone other than your family is injured in your home.

If your home is seriously damaged and needs to be rebuilt, your policy will cover hotel bills, restaurant meals and other living expenses incurred while you are temporarily relocated.

How much insurance do you need?

Homeowners should review their policy each year to make sure they have sufficient coverage for their home. The three questions to ask yourself are:

- Do I have enough insurance to protect my assets?
- Do I have enough insurance to rebuild my home?
- Do I have enough insurance to replace all of my possessions?

Here’s some information that will help you determine how much insurance is enough to meet your needs and ensure that your home will be sufficiently protected.

Protect your assets

Make sure you have enough liability insurance to protect your assets in case of a lawsuit due to injury or property damage. Most homeowners insurance policies provide a minimum of \$100,000 worth of liability coverage. With the increasingly higher costs of litigation and monetary compensation, many homeowners now purchase \$300,000 or more in liability protection. If that sounds like a lot, consider that the average dog bite claim is about \$20,000. Talk with your insurance agent about the best coverage for your situation.

Rebuild your home

You need enough insurance to finance the cost of rebuilding your home at current construction costs, which vary by area. Don’t confuse the amount of coverage you need with the market value of your home. You’re not insuring the land your home is built on, which makes up a significant portion of the overall value of your property. In pricey markets such as San Francisco, land costs account for over 75 percent of a home’s value.

The average policy is designed to cover rebuilding your home using today’s standard building materials and techniques. If you have an unusual, historical or custom-built home, you may want to contact a specialty insurer to ensure that you have sufficient coverage to replicate any special architectural elements. Those with older homes should consider additions to the policy that pay the cost of rebuilding their home to meet new building codes.

Finally, if you’ve done any recent remodeling, make sure that your insurance reflects the increased value of your home.

Remember that a standard policy does not pay for damage caused by a flood or earthquake. Special coverage is needed to protect against these incidents. Your mortgage company can let you know if your area is flood- or earthquake-prone. The cost of coverage depends on your home’s location and the corresponding risk.

Replace your valuables

If something happens to your home, chances are the things inside will be damaged or destroyed as well. Your coverage depends on the type of policy you have. A cash value policy pays the cost to replace your belongings minus depreciation. A replacement cost policy reimburses you for the cost to replace the item.

There are limits on the losses that can be claimed for expensive items such as artwork, jewelry and collectables. You can get additional coverage by purchasing supplemental premiums.

To determine if you have enough insurance, you need to have a good handle on the value of your personal items. Create a detailed home inventory file that keeps track of the items in your home and the cost to replace them.

Create a home inventory file

It takes time to inventory your possessions, but it's time well spent. The little bit of extra preparation can also keep your mind at ease. A fire or other disaster can sweep away any record of your belongings, making filing an insurance claim difficult. The easiest method is to grab a camera or video recorder and systematically document the items in every room in your house. Open drawers and closets to make sure you capture all of your personal objects. Pay special attention to highly valuable items such as electronics, artwork and collections.

Make sure your inventory list and images will be safe in case your home is damaged or destroyed. Store them in a safe deposit box, at the home of a friend or relative, or on an online Web storage site. (Storing them on your home computer does you no good if your hard drive goes up in flames.) Once you have an inventory file set up, be sure to update it as you make new purchases.

Check out the short list of everything your home inventory file should include on the next page. We have a lot invested in our homes, and I'm here to help. If you have any questions or would like more information, please contact me at any time.

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Home Pricing Guide: Following are average 3-bedroom home sale prices for some of the neighborhoods served by Windermere. Figures are based on multiple listing data for homes sold October 1, 2006, to March 30, 2007. For information on other market areas, please call me.

Arizona	
Phoenix	\$268,000
Prescott	\$399,000
Scottsdale	\$597,000
Tucson	\$285,000

California	
Carmel	\$1,863,000
Los Angeles	\$950,000
Palm Springs	\$510,000

Hawaii	
Kona	\$725,000

Idaho	
Boise	\$226,000
Bonniers Ferry	\$218,000
Caldwell-Nampa	\$159,000
Coeur d'Alene	\$226,000
Driggs	\$280,000
Eagle	\$259,000
Lewiston	\$162,000
McCall	\$407,000
Moscow	\$186,000
Post Falls	\$208,000
Priest River	\$213,000
Sagle	\$404,000
Sandpoint	\$302,000
Schweitzer	\$438,000
Sun Valley-Hailey	\$398,000
Ketchum	\$1,338,000

Montana	
Deer Lodge	\$100,000
Helena	\$225,000
Kalispell	\$242,000
Lakeside	\$365,000
Missoula	\$237,000
Polson	\$348,000
Ronan	\$218,000
Whitefish	\$410,000

Nevada	
Las Vegas	\$309,000

Oregon	
Albany	\$200,000
Ashland	\$363,000
Astoria	\$270,000
Beaverton	\$246,000
Bend	\$376,000
Canby	\$322,000
Cannon Beach	\$606,000
Clackamas	\$319,000
Clatskanie	\$232,000
Corvallis	\$282,000
Creswell	\$231,000
Dallas	\$222,000
Eugene	\$269,000
Florence	\$268,000
Gearhart	\$340,000
Grants Pass	\$258,000
Gresham	\$281,000
Hillsboro	\$300,000
Hood River	\$342,000
Jacksonville	\$389,000
Klamath Falls	\$125,000
Lake Oswego	\$568,000
Lincoln City	\$321,000
Manzanita	\$531,000
McMinnville	\$246,000
Medford	\$284,000
Molalla	\$263,000
Monmouth	\$212,000

Oregon, continued	
Newport	\$492,000
Portland	
North	\$270,000
Northeast	\$351,000
Southeast	\$264,000
West	\$537,000
Redmond	\$296,000
Roseburg	\$236,000
Salem	\$211,000
Salishan/Gleneden Beach	

	\$721,000
Sandy	\$281,000
Scappoose	\$221,000
Shady Cove/Eagle Point	

	\$300,000
Springfield	\$211,000
St. Helens	\$204,000
The Dalles	\$183,000
West Linn	\$408,000
Wilsonville	\$425,000

Utah	
Park City	\$1,111,000
Provo	\$238,000
Salt Lake City	\$244,000

Washington	
Aberdeen	\$138,000
Allyn	\$322,000
Anacortes	\$479,000
Arlington	\$334,000
Auburn	\$335,000
Bainbridge Island	\$710,000
Belfair	\$241,000
Bellevue	\$635,000
Bellingham	\$331,000
Bingen/Wt. Salmon	\$370,000
Blaine/Birch Bay	\$303,000
Bonney Lake	\$299,000
Bothell	\$427,000
Bremerton	\$268,000
Burien	\$345,000
Camano Island	\$414,000
Camas	\$358,000
Cathlamet	\$194,000
Centralia	\$186,000
Chelan	\$350,000
Chewelah	\$114,000
Clarkston	\$145,000
Cle Elum	\$400,000
Colville	\$176,000
Darrington	\$213,000
Dayton	\$126,000
Deer Park	\$204,000
Edmonds	\$430,000
Ellensburg	\$245,000
Enumclaw	\$350,000
Ephrata	\$125,000
Everett	\$326,000
Federal Way	\$308,000
Friday Harbor	\$779,000
Gig Harbor	\$423,000
Goldendale	\$125,000
Issaquah	\$554,000
Kent	\$340,000
Kettle Falls	\$141,000
Key Peninsula	\$301,000
Kirkland	\$553,000
Lake Forest Park	\$455,000
Lake Stevens	\$360,000
Lake Tapps	\$463,000

Washington, continued	
Lakewood	\$281,000
Leavenworth	\$446,000
Long Beach	\$233,000
Longview	\$197,000
Lopez Island	\$627,000
Lynnden	\$309,000
Lynnwood	\$386,000
Maple Valley	\$364,000
Marysville	\$299,000
Mazama	\$290,000
Mercer Island	\$987,000
Mill Creek	\$461,000
Monroe	\$355,000
Moses Lake	\$168,000
Mount Vernon	\$280,000
Mukilteo	\$580,000
Ocean Shores	\$221,000
Olympia	\$296,000
Omak/Okanogan	\$190,000
Orcas Island	\$744,000
Oroville	\$145,000
Pacific Beach	\$292,000
Packwood	\$177,000
Port Angeles	\$302,000
Port Hadlock	\$246,000
Port Ludlow	\$472,000
Port Orchard	\$293,000
Port Townsend	\$364,000
Poulsbo	\$386,000
Pullman	\$247,000
Puyallup	\$284,000
Quilcene	\$145,000
Quincy	\$189,000
Redmond	\$554,000
Renton	\$386,000
Republic	\$158,000
Sammamish	\$556,000
Seattle	
Mid-City	\$495,000
Northeast	\$499,000
Northwest	\$654,000
Southeast	\$414,000
West	\$425,000
Sequim	\$404,000
Shelton	\$224,000
Shoreline	\$410,000
Silverdale	\$306,000
Snohomish	\$433,000
Spokane	\$224,000
Stanwood	\$341,000
Stevenson	\$444,000
Sumner	\$315,000
Tacoma	\$262,000
Tri-Cities	\$172,000
Twisp	\$241,000
Vancouver	\$260,000
Vashon Island	\$626,000
Walla Walla	\$191,000
Wenatchee	\$246,000
Westport	\$195,000
Whidbey Island	\$435,000
Woodinville	\$529,000
Woodland	\$340,000
Yakima	\$176,000
Yelm	\$235,000

Wyoming	
Jackson Hole	\$1,300,000



Stacey Lange

Cell: 425-876-6164

staceylange@windermere.com

www.staceylange.com

Windermere Real Estate/SBA, Inc.

13901 NE 175th Street Suite 100
Woodinville, WA 98072
425-483-5100

Presorted Standard
U.S. Postage Paid
Permit #58
Woodinville, WA 98072


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1043675 1

Your home inventory file should include:

- Item description and quantity
- Manufacturer or brand name
- Serial number or model number
- Where the item was purchased
- Receipt or other proof of purchase
- Photocopies of any appraisals, along with the name and address of the appraiser
- Date of purchase (or age)
- Current value
- Replacement cost

