

REAGAN AGENCY SPECIAL EDITION
HOUSE FIRES
WHAT EVERY HOMEOWNER NEEDS TO KNOW!

James P. Reagan Agency

315.673.2094

ReaganInsurance.com

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**Reagan Agency
is here to help**

Everyone always thinks—*It can't happen to me or my family*, but in 2009 alone, four Reagan Agency clients had their homes destroyed by fire.

A fire in your family's home is a major life-changing event. Gratefully, no one was hurt or injured,* but each client said they felt there was no going back to the way their lives were before the fire happened.

In a flash, family keepsakes, photographs and memories are gone forever. As soon as the fire is out, the emotional battle to rebuild what they lost begins.

"The sudden, violent destruction of a home is devastating," said Reagan Agency President J. Michael Reagan. "All our families had to figure out how to rebuild their lives in a new way."

Reagan says his company is dedicating this newsletter to those four families and to you—with the hope that if you are ever faced with this type of disaster, you will be more informed, educated and prepared.

*In total, three family pets perished, two cats and a dog.



ARE YOU PROTECTED?

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HOUSE FIRE SURVIVAL TIPS

After the initial shock and turmoil, it takes a great deal of time to rebuild your home, replace the contents and to keep your family secure. Being prepared can make it a little bit easier.

DON'T UNDER-INSURE YOUR HOME

Whenever you make improvements or additions to your home, contact your insurance agent so you are confident you have the coverage you need.

KEEP A LIST OF ITEMS IN YOUR HOME

Re-creating a list of all of your home's contents is not only difficult but also very emotional and sad. Do as much as you can but keep in mind you will need to take frequent breaks from the process. Take one room at a time, and work with another family member.

- ♦ When listing your contents be sure to include everything - because even the little things add up. Items that are often forgotten include contents of a medicine cabinet, off-season clothing or sports gear, and items stored in out-of-the-way places like closet shelves.
- ♦ To supplement your memory, some large retailers may be able to provide you with a list of all major items you have purchased along with a copy of the receipts. (*Best Buy* is one store that will do this for you).
- ♦ If the amount of your claim exceeds your coverage limit, continue to list items and values - you may be able to deduct some items on your Income Tax Return.

DON'T UNDERINSURE YOUR HOME

We are **not** talking about your home's 'market value' - the price you could receive if you sold your home. **The proper insurance coverage on your home has nothing to do with how much you could sell it for.** Instead, we are looking for what is called 'replacement cost.' In order to determine the right amount of coverage, the Reagan Agency will work with you by asking questions about the house, for example:

- ♦ What type of home do you have? (i.e. cape cod, ranch, etc.)
- ♦ What is the square footage?
- ♦ How many floors of living space?
- ♦ Do you have a basement? Is it finished, partially finished, or unfinished?
- ♦ Do you have a garage? Is it attached or unattached? Is it a 1, 2 or 3 car garage?
- ♦ Do you have a fireplace or wood stove?
- ♦ Do you have a hot tub or pool?
- ♦ What are the local building costs?
- ♦ What is the cost of construction labor in our area?
- ♦ What type of materials were used when it was built (i.e. standard, high-end or custom materials and fixtures)

Once we have all of the information, we will work with you in order to calculate the rebuilding cost - which should be the amount of coverage you carry. This amount will increase each year (at your policy renewal date) in order to keep up with inflation. (The increase is generally between 3% and 8% annually).

It is also very important that if you make any improvements or additions that you notify us within 30 days - we want to make sure that any investment you make in your home is added to your dwelling limit.



WHAT ABOUT MY PERSONAL PROPERTY? How do I know if I have enough coverage?

One of the first things you should do as a homeowner is create a home inventory list. In our experience, few people ever do this, and even fewer do it well. The problem is that the process can be long and tiresome, and no one wants to think about ever needing it. But could you, from memory, make a list of everything you own? Once you have completed this inventory, you can compare it to your insurance policy limit to make sure you have ample coverage.

If you do have a claim – what will happen? **Your insurance company will ask you to provide them with a list of items that you lost and the corresponding value of those items.**

That's right...the burden of proof will fall back to you.

If you file a claim for damaged or stolen personal property, you will need to provide a list to the insurance company that shows a description and value of each item that was damaged or stolen.

Total recall of all the contents of any one room is quite an accomplishment for any of us, even at a calm moment. Remembering all the contents of your house and garage after a fire, theft, or other calamity is practically impossible. Yet that's exactly what you'll be asked to do. Omitting or failing to include an adequate description of an item may prevent you from receiving compensation from your insurance company. So why bet the farm, (or your house and its contents), on your memory, or add to the emotional loss and stress which comes from any type of loss?

There are several ways that you can complete an inventory list. Here are a few suggestions:

1. **Do a 'camera walk-through' of your entire house.** Once you have completed this process, burn a DVD and store it away from your home. Some of our clients have taken photos and sent them to their own email address (so they are stored electronically). ****You can borrow a camera or video camera from us anytime, or even use your cell phone to take pictures****
2. **Start with one room at a time and record everything in it.** (The Reagan Agency has a *Household Inventory Booklet* that we will provide you to assist with the process).
3. **Gather all your warranties, receipts and insurance policies.** Make a list of all electronics including the make, model and serial number and keep this information with the inventory list.
4. **Don't forget the garage, attic and basement for other items that you may have forgotten.** Add the grill, lawn furniture and other items which may be outside.
5. **Special categories – Antiques, Jewelry, Fine Arts, Collections of any kind – at the very least, make sure to photograph these items!** Obtaining appraisals for these items is strongly recommended.

For more information and in-depth instructions, please contact your Client Manager at the Reagan Agency!



SETTLEMENT

Once you have provided all of the necessary documentation, the final cost of damages will be determined and the insurance company adjuster will contact you with the settlement amount. Some information that is important to note:

1. If you have a mortgage, the check you receive for the structural damage to the dwelling will be made out to both you and your lender. This is to ensure that you make the necessary payment to the lender, (since lenders require that their names be listed in any homeowner's insurance policy). If the home is destroyed, the money will go to paying off the mortgage and you will receive the remainder if it is greater than the amount you owe.
2. Most policies include 'replacement cost' coverage. This means you will be paid the dollar amount to repair or replace an item at today's cost **IF** you repair or replace the item. If you choose not to replace any item, you will only receive the **ACTUAL CASH VALUE** for that item.
3. Here's the catch—most companies initially reimburse you only for the actual cash value of your loss, (which is: replacement cost **minus** depreciation). **Once you actually pay for and replace the item, the company will send you an additional check for the supplementary expenditure.**
4. For personal property, you will never receive more than the limit that is shown on your policy. (That's why it's so important to make sure you have enough coverage before a claim happens!)
5. For the dwelling – you may receive more than the limit on the policy – if you have a special rider and if you meet all the terms that are stipulated in your policy – **AND** – you agree to rebuild on the same premises. You can receive up to an additional 25% of the dwelling limit in a case where your home is destroyed.
6. There are some coverages that, (if you have purchased them), are paid to you **IN ADDITION** to the dwelling limit. An example would be debris removal.

In the end, some things can never be replaced. Your wedding album, your child's baby book, certain antiques, family memoirs or keepsake items – there is no way to recreate them. Our clients have told us that this is one of the most devastating parts of suffering a total loss.



Reagan Agency

Insurance & Financial Services

8 E. Main Street - P.O. Box 191
Marcellus, New York 13108

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A Newsletter from the Personal Insurance Department at the Reagan Agency

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WHAT REALLY HAPPENS AFTER A MAJOR FIRE LOSS? WHAT DO YOU NEED TO DO?

This is intended to be an outline and a guide – each situation is different and unique to the family and their home and contents. The safety and well being of you and your family comes first. Once everyone is accounted for and determined okay, a series of events will happen –

- **Contact us or have a policeman or firefighter contact us to let us know that there is a major loss in progress.** (From our experience officials on the scene are willing to get a hold of us on your behalf). We will set things in motion immediately.
- **We will contact your insurer and have an adjuster sent to your location ASAP.** The adjuster will work with the fire investigators upon arrival. The adjuster will also provide you with a check for \$5,000 – this is for you to use for necessities and other expenses.
- **The American Red Cross will arrive.** They will help you find temporary housing for a few days. If you have a pet, they will make sure the pet is welcome. The cost of this is covered by the Red Cross. They will also help you with other things you need immediately.
- **A public adjuster (or several) may ask if you would like them to advocate for you with your insurance company to get a fair settlement.** A public adjuster will charge you a percentage of your total loss, (generally about 10% of the total amount you receive from your insurer). You will need to decide whether to use a service of this type or not.
- **The news media may arrive to take photos, videotape or conduct interviews.** Fire and police officials will often speak with them. If they ask you for an interview, you can say no.
- **Next, you'll need to find a house or apartment to rent – to try and create a living environment with as much a sense of normalcy as possible.** You have coverage under your homeowner's policy for 'additional living expenses' to help pay for this temporary housing. You can expect to live in temporary housing for several months, (depending on the severity of the loss and how long it will take to rebuild), so you may want to try and live in the same neighborhood and school district especially if you have children.
- **Your adjuster will meet with you to go through your homeowner's policy with you to give you an overview of your limits, deductibles and optional coverages.** Simultaneously, cause & origin and fire investigators will continue to inspect your property to determine what caused the loss.

Your adjuster will continue to guide you– here are the next things that you will be asked to do: (you may be surprised at how much of this falls to the homeowner):

- If the house is determined to be a total loss, you will be asked to obtain two or more 'demolition bids.'
- Prior to demolition, you will want to salvage what you can from the property.
- If the property needs to be secured and/or if debris will need to be removed from the location – you will need to hire a contractor who will do this type of work.
- You will need to start to look for an architect and a builder – someone who can handle creating the floor plan and provide you with cost estimates to rebuild.
- You will be required to comply with all village, town and city ordinances that are in effect now (even if they were not in effect when you originally built your home).
- Your insurance company will work with the architect and builder to determine the maximum pay-out amount for your dwelling.
- You will be asked to provide a list of all of your personal property that was destroyed. After the list is complete, you will receive a pay-out offer from your insurer.

During all of this, you will be emotionally drained, frustrated and trying to juggle many things at once. It is a very overwhelming time. That is why it is the Reagan Agency's mission to provide guidance and professional advise prior to a disaster happening.

315.673.2094

ReaganInsurance.com

email: info@ReaganInsurance.com