

UNDER-COVERED? OVER-COVERED? OR JUST RIGHT?

ASK YOURSELF

Understanding how insurance policies work in tandem with one another helps ensure you don't overpay for coverage or end up on the wrong side of insurance when a triggering event occurs. When determining which coverage gaps and overlaps may impact your personal wealth, consider asking yourself these questions.

1. Do you know which events are excluded in your homeowner's insurance policy?

Floods, earth movements, mold, home-based business operations, pest infestations, acts of war, and nuclear hazards are just some common things that a homeowner's insurance policy may not cover.

2. If your home and property are transferred to a trust, does this impact your coverage?

Some carriers approach claims involving a trust differently, so be sure to discuss this scenario (if applicable) with your broker.

3. Are you covered if someone sues you for negligence?

In the event of a car accident or an incident on your property, liability limits in your auto and homeowner's policy might not be enough to cover all damages. Consider purchasing umbrella coverage to handle excess liability.

4. If you hire domestic staff, are you compliant with workers' compensation laws?

Different states have different workers' compensation requirements, so be sure you're compliant.

5. Do you have cyber insurance?

Cyber insurance can help provide financial protection from wide-ranging cyber events and is especially crucial with cybercriminals continuing to develop more sophisticated attack strategies.

6. Do you have Kidnap and Ransom insurance?

If you travel often, talk to your broker about whether or not this is a coverage that you should obtain.

7. Do you know the difference between actual cash value and replacement cost value as it relates to your policy?

Your property insurance policy might cover the actual replacement value of the building itself, but the contents of the building may only be covered at a depreciated value. This could have negative financial implications when you're rebuilding after an event.

8. Do your policies have restrictive sublimits?

If you own expensive art, jewelry, and other valuables, you might need to purchase additional coverage.

9. How do high deductibles impact your ability to use your policy?

If you choose a higher deductible for your policy, think about whether you have the financial liquidity to meet your deductible for your insurance to kick in when you do need to use it.

10. Are you paying for unnecessary or overlapping coverage?

An experienced broker will take the time to learn the ins and outs of your lifestyle, quantify your risk, and find coverage that aligns with your personal needs so you don't end up paying extra money for insurance you might not need or that might already be covered by another policy.

A strategic way to manage your insurance portfolio and avoid the pitfalls of coverage gaps and overlaps is to work with an experienced team capable of navigating the nuances and complexities of insurance, and, if possible, use the same broker for all your policies.

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