

[Have insurance with assurance](#)

http://marketplace.publicradio.org/display/web/2007/05/18/homeowners_insurance/

From national fires to the approach of hurricane season, it's more important than ever to have good homeowner's insurance. Alisa Roth preps us for the right policy. Your house in your hands.

iStockphoto.com)

listen to this story

TESS VIGELAND: Here in California, we've had a sneak peek at what's in store for the summer and it ain't pretty. Fires in the Hollywood Hills, fires on Santa Catalina Island. They're out now, but Florida and New Jersey took their turns battling blazes this week. And, of course, hurricane season is coming.

All of which got us thinking about homeowners insurance. How much coverage do you need? What should you cover? We asked Alisa Roth to find out.

ALISA ROTH: Jeremy Ziglar's earliest memory of growing up in Colorado is the day the dryer caught fire. He says he and his mother looked up to see flames coming down the hallway.

JEREMY ZIGLAR: The last minute, we both like, took off out the door and went to the neighbors house. And I remember sitting there, staring out the window and watching the house burn down.

So you might expect the Brooklyn-based web designer and artist to be fanatical about protecting his belongings.

But he thought he couldn't afford renters insurance. Recently, though, there were a bunch of break-ins in his neighborhood. And he's convinced that now's the time to do it.

How do you go about comparison shopping insurance?

The Insurance Information Institute's Jean Salvatore says there are three questions to ask any broker or insurance company.

JEAN SALVATORE: Do I have enough insurance to rebuild my home?

That, of course, only applies to homeowners, not renters.

SALVATORE: Do you have enough to replace all of your belongings? Do you have enough liability protection to protect your assets in the event you're sued?

The number one mistake people make when buying insurance is to not get enough. In a survey last year, Salvatore's Institute found that more than half of American homes were about 20 percent underinsured.

There are a lot of reasons for that – from not knowing how much your stuff is worth to forgetting to change coverage after big home improvements.

So how do you know what to insure? Salvatore says the best thing to do is to inventory everything in your home. You can go high-tech, use a video camera, or go low-tech and make a pencil and paper list.

Ziglar took the middle road, using a digital camera, when I visited him on a rainy evening this week.

ZIGLAR: I don't know about clothes. How do you go back and document clothes?

SALVATORE: When you're doing an inventory, you don't need to count up how many socks you have in your sock drawer. But you want to make a notation that maybe you've got what you've got. So you want to say I've got three good suits for work, and I've got this sweat suit for the gym, and I've got sneakers and . . . you want to add up all of those items.

If you have high value items – a fancy stere or collectibles – you want to let your insurer know. You probably need an appraisal, too. And of course, don't forget to store a copy of the list somewhere else: at a friend's house, in a safety deposit box, or even online.

Take a look at your insurance policy and you'll see that it covers a long list of what's known in the industry as perils That's disasters to you and me): fire, theft, tornados, wind. Earthquake and flood insurance have to be bought separately.

Amy Bach directs United Policyholders, a nonprofit consumer organization. She says even with that extra coverage, people should triple-check what's covered.

AMY BACH: In this day and age, your homeowners policy is more like swiss cheese than a blanket, and it's just got holes all over the place.

As many homeowners learned after Katrina, it can be hard to tell what caused the damage – say whether it was rain coming in from above or floodwaters rising from below that ruined your living room carpet.

In any case, she says, make sure you go with a reputable insurance company. Most states have websites that list insurers licensed to cover your area. Get the highest deductible you can afford and don't make superfluous claims – if you can afford to fix or replace something out of pocket, do it.

As for Jeremy Ziglar, the agent he spoke to said it would cost \$600 a year to insure all of his stuff. He's still hoping to find a policy for about half that.

In New York, I'm Alisa Roth for Marketplace Money.