Raising the roof on home insurance fine print

Dean Jarvis is a State Farm agent in Tennessee who believes that home insurance should protect a person's home. He's blown the whistle on a reduced coverage product that Allstate rolled out in Oklahoma and has now gotten the OK to sell in many other states. It's being cleverly marketed with the label "House and Home." Sounds cozy right? Sounds safe and sound, right? But in fact, the product only pays Actual Cash Value (ACV) on roofs over 10 years old. See www.omaha.com/article/20120211/MONEY/702119922/0

ACV only coverage means you don't collect enough money from your insurance company to repair or replace what was damaged or lost. You only recover an arbitrarily depreciated value for the item. So ACV coverage on a roof means you don't recover enough insurance money to properly fix your roof. Not only is that hardship on a homeowner – it's unsafe and likely to lead to worse damage in the future. Bad idea.

UP spoke out against this bad idea in 2012: Consumer advocates raise the roof over Allstate's new home insurance rule

Our message to Allstate – If you want to offer a cheaper product – reduce non-essential coverage.
There's nothing non-essential about a roof over a family's head.

Published date:
September, 2013

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Source: https://uphelp.org/raising-the-roof-on-home-insurance-fine-print/ Date: September 15, 2026