United Policyholders
Empowering the Insured

[When it comes to home insurance, read the fine print](https://uphelp.org/when-it-comes-to-home-insurance-read-the-fine-print/)

http://www.marketplace.org/topics/your-money/when-it-comes-home-insurance-read-f...

Andi O'Conor has twice lost a home to fire: The first time she was 12, the second time was two years ago. It was Labor Day. She was kayaking hundreds of miles away, when a friend told her about a wildfire near O'Conor's home on a Colorado mountain. The next day, a neighbor drove to the top of a nearby mountain with her binoculars.

"And, she called me that night and she said, 'The surrounding houses are OK, but all that's left of your house is a foundation,'" said O'Conor.

It would become known as the Fourmile Canyon Fire, one of the more costly wildfires in Colorado history. Days later, O'Conor returned to the site.

"Absolutely, absolutely nothing was left," O'Conor said. "Everything was in pieces."

O'Conor had bought her house nearly two decades ago. Back then, she didn't think much about insurance. Her realtor shared a building with an insurance company, so as soon as she closed on the house, her realtor took her upstairs where an agent entered the info and out popped a policy.

"And I looked at the premium and it was really reasonable, so I signed it and said, 'Great! There's my homeowners insurance." And, I didn't think about it again for about 15 years,'" she said.

That's typical. Most of us don't think about our insurance unless something happens. Who wants to? O'Conor says every time the insurance company sent her an update letter, she'd toss it in a file. After the fire, she discovered she didn't have enough coverage to replace both the house and everything in it. She's not alone.

“The trend is less coverage for more money, but it’s also more complicated coverage,” said Amy Bach, who heads United Policyholders, a consumer group.

The recent wildfires, hail storms, and hurricanes are leading to higher premiums across the country. But insurance is competitive and companies don’t want to hike prices too much. So, instead, some companies are reducing coverage little by little.

Daniel Schwarcz studies the industry at the University of Minnesota, and he says consumers need to pay attention. “They might find they don’t have mold coverage, even though some other policies do. They might find their policy doesn’t cover increased costs that are going to be incurred in rebuilding.”

Some policies have tweaked wording. Instead of saying “like,” it might now say “equivalent” when describing what the policy will pay to replace. You might not hear the difference, but “like” is better for a homeowner. “Equivalent” is better for the insurer.

“Homeowners insurance in particular is an extraordinarily competitive market,” said Jeanne Salvatore, with the Insurance Information Institute. She says because it’s so competitive, there’s no incentive to give their customers short shrift. “There are a lot of companies, and then companies offer different types of products.”

And, the industry says it always tells consumers when it makes changes to their policies.

But consumer advocate Amy Bach says that news is usually confusing. “They always seem to package it in a candy coated wrapper saying, ‘Now your policy is a premium policy. Good news. But we have made some changes.’ And then the consumer just sees good news. And they’re not going to read the fine print, and even if they do, they’re not going to understand it.”

Two years after a wildfire took her home, Andi O’Conor has rebuilt on the same site tucked into a mountain near Boulder. Since then, she’s become an insurance expert.

She spent an entire weekend poring over her policy, and even hired an attorney to explain what it all means. Soon, she’ll be updating her insurance for the new place. This time, she hopes to know exactly what she’s getting.