

HOME INSURANCE NO SMALL AFFAIR

Make it a good policy

by MARILYN STORIE
Citizen Staff

Buying a home.

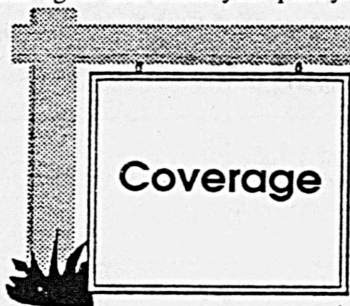
It's the largest single purchase most people in Prince George will ever make.

But the same homeowner — who meticulously repairs cracks, builds a sturdy fence and annually braves death to shovel off his roof — often skims over home insurance policy details, paying the premium and shoving the document back in the desk drawer for another year.

So just how much home insurance is enough?

■ Experts say you should have enough to rebuild your house at current prices. Insurance people call this coverage on a replacement-cost basis.

If you haven't already made the effort, take the time to actually read your policy when it comes up for renewal this year to ensure your coverage is adequate. Considering the steady rise in housing prices here in recent years, now is a good time to sit down with your insurance agent and check your policy.



Increased home prices in Prince George are affecting home insurance policies. As of February, 1993, the typical home in Prince George was worth \$106,000.

This "typical" 1,090-square-foot home had three bedrooms and 1½ bathrooms with a carport, fenced yard, partial basement development and fireplace.

It costs more annually for full replacement cost coverage, but most consider it's worth it.

■ Check that policy over to ensure you don't have too much of a good thing.

Suppose you paid \$60,000 for your dream lot, built a house valued at \$200,000 and asked for \$220,000 coverage. Replacement value for the house is only \$200,000, so you'd be paying for \$20,000 worth of useless coverage.

Lenders often require a mortgaged property be insured to at least the full value of the outstanding mortgage. But

Welcome to Neighbors

The Prince George Citizen is proud to present Neighbors.

We at The Citizen believe the years ahead will be a period of growth and expansion for Prince George.

We'll soon be celebrating the opening of a new university — the first to be built in Canada in 20 years. The lumber and pulp mill industries continue to bring growth to the area, decentralization of government services such as court facilities will bring more people to live in our city, and expansion of retail facilities means more jobs for people here and better

services for others who live in the region.

House construction has increased in the past two years and real estate values continue to rise.

These conditions — and comments from readers and business associates — prompted us to provide this booklet of information on our city's neighborhoods and features, including tips on buying or selling your home.

We hope you enjoy it and find it useful.

The editors

that value could be more than the worth of the building if the worth of the land (which won't burn down) is included.

A letter from your insurance company stating what the building is worth in replacement value could influence your lender to give you a break.

■ Most insurance policies spell out what your house isn't protected from. Few homeowners here have — or want — coverage for floods or earthquakes.

Ordinary policies typically protect against the accidental escape of water, but not flooding.

It all hinges on how much you want and how much you want to pay. Earthquake insurance here is a bargain, but on the other hand, do you really need to worry?

■ The city is not liable for damages caused by malfunctions of water works or sewers unless it can be established the municipality was negligent.

The city regularly flushes sewer lines to ensure they are free from blockage.

Newer homes have check valves to their connections to sewer lines, but many older city homes don't.

Extra coverage for blocked sewers can be purchased, but homes with a history of sewer backups would likely not be eligible for insurance.

■ Take a pragmatic look at what your possessions are worth under your current policy.

And remember that the value of a thing is the price it will bring.

That favorite couch in the rec room — comfortably broken in during hockey

games to fit your exact shape — is worth \$200. The ugly burl dresser in the hall that bangs you in the knee every time you squeeze past it is worth \$2,500.

The contents insurance on most personal possessions is based on the replacement value of your home and on an average, that means 60 to 70 per cent.

Most people are amazed once they make a list to find out how much they own.

A standard policy covers the estimated cash value of your property at the time of loss. This is not necessarily what it will cost you to replace the item since the insurance company will adjust for depreciation.

■ Keep your bills. The onus is on consumers to prove an item's loss and replacement value. A home inventory of possessions should include professional written appraisals of high-value items like antiques, furs and jewelry.

■ One alternative to full-replacement cost insurance, which is expensive, is to raise the deductible amount on the policy.

For a quick fix on the value of household goods, list and estimate the replacement cost of home entertainment equipment, major appliances and furniture. These items alone account for 25 to 33 per cent of the personal-possession value.

Surprisingly, it's the master bedroom which generally contains the most expensive contents of any room in the house. Not just bedroom furniture suites, but clothing, shoes and items like jewelry account for this.