
NAVIGATING HOME INSURANCE



It's one thing to understand what to do if your home has been damaged by fire, flood, or some other disaster, but it's another thing to know the next steps to take to pay for that damage. An important part of the home restoration process is dealing with home insurance. We know insurance can be confusing, which is why we've created this brief overview of what home insurance is, how it works, and what you need to do to make sure your home is covered.

HOW DOES HOME INSURANCE WORK?

Home insurance helps cover the cost of fixing any damage to your home, whether it was caused by water, fire, or a nasty storm. To understand how it works there are a few terms you should know that can help you pick the policy that's right for your home.

COVERAGE

Coverage is the amount your insurance company is willing to pay when you file an insurance claim. For example, imagine you insured something with coverage up to \$10,000 and have a deductible of \$500. Once you file a claim, you pay your deductible of \$500 and the insurance company will cover the remaining \$9,500.

DEDUCTIBLE

An insurance deductible is the money you pay out-of-pocket in the case of an emergency before your insurance policy covers the cost. If you have insured your home for damages up to \$10,000 but have a \$2,000 deductible, you will be paying \$2,000 and the insurance company will cover the remaining \$8,000.

With homeowner's insurance, you pay the deductible every time you file a claim. This means that if you file a claim because of fire damage and later file a claim for a flooded basement, you will have to pay the full deductible each time before your insurance company will cover the rest of the cost.

PREMIUMS

An insurance premium is the amount of money you pay your insurance company for their services. Depending on the type of insurance and the company, you may be paying for your insurance premium in payments, such as monthly or semi-annual installments. As a general rule, the higher the premium, the lower the deductible and vice versa.

In most cases, as deductibles increase, premiums decrease.
As premiums increase, deductibles decrease.

CLAIMS

An insurance claim means you are requesting your insurance company to help pay the cost of repairs. For example, if you got in a car accident you would file a claim with your auto insurance company. Once the claim is filed, you would pay the deductible, and the insurance company would pay the rest, up to the amount of coverage your car was insured for.

WHAT DOES HOME INSURANCE COVER?

What your home insurance covers is entirely dependent on your home insurance policy, as each insurance plan is different. Many basic plans cover:

- The structure of your home
- Structure of sheds, fences, and other structures not connected to your home
- Your belongings
- Potential liabilities
- Additional living expenses during repairs

These things may be covered by your policy but whether or not your insurance company will pay for the damages depends on how your property got damaged or lost. There are a few types of insurance policies, but the most common is called the HO-3 policy. The HO-3 policy covers **all perils except for those specifically excluded**. This means that it covers damage caused by:

- Fire
- Smoke
- Wind
- Hail
- Explosions
- Vehicles
- Theft or vandalism
- Trees or other fallen objects
- Ice, snow, and/or sleet
- Plumbing, HVAC, or home appliance malfunctions

While it depends on the insurance company many common exceptions to the HO-3 policy include:

- Floods
- Earthquakes
- Wars
- Nuclear accidents

There are policies that cover these exceptions, but you can determine whether or not you need them based on what you think you need. Make sure to read each policy carefully to see what's covered and what isn't.



HOW TO CHOOSE THE RIGHT POLICY

Getting too much insurance can be a waste of money, but getting too little insurance can make it hard to cover the cost of repairing your home in the case of an emergency. Here are a few things to consider when picking an insurance policy.

COVERAGE AMOUNT

Your insurance company will provide a recommended coverage amount, but there are a few things to consider when picking the right amount. When your home is damaged, the insurance company can only cover the amount up to what you've insured. If you insure your home up to \$100,000, but everything you own actually costs \$200,000, you might not have enough coverage. In order to get the right amount of coverage consider:

- The cost of reconstruction in your area
- The size of your home
- The building materials your home is made of
- The style of your home
- The number of rooms your home has
- Past improvements and renovations you've made
- The cost of your belongings

When calculating the cost of your property, do not base your estimate on current real estate estimates. These numbers change and do not reflect the actual value of your home. Instead, get an estimate from local construction companies of how much it would cost to construct a home similar to yours to get a real idea of how much coverage you actually need.

DEDUCTIBLE VS. PREMIUM

When picking the right deductible and premium cost remember that the higher the deductible the lower the premium. Only choose a deductible that you know you can cover in the case of an emergency. Think of it this way:

- **A HIGHER DEDUCTIBLE** means you pay more out-of-pocket when your home is damaged but less money per month to your insurance company.
- **A HIGHER PREMIUM** means you pay less out-of-pocket when your home is damaged, but you have to pay more money per month to your insurance company.

LOCATION OF YOUR PROPERTY

Where your home is located can be a big factor on what insurance your home needs. For example, there are many floodplains in Minnesota, and depending on where you live you may be required to get flood insurance. Knowing what risks your home could face can help you determine what your homeowner's insurance should cover. For example, if you aren't in an area prone to earthquakes you probably don't need insurance that covers earthquake damage.

STEPS TO TAKE IN THE CASE OF AN EMERGENCY

Whether your home was damaged by something that's covered by your insurance policy or not, act fast so your home doesn't get even more damaged. If the damage was something that is covered by your insurance policy don't be afraid to file an insurance claim, because that's the whole point of having insurance! To make sure you get the most out of your insurance claim take these steps:



1. CALL A RESTORATION COMPANY

If your home has been damaged by a fire, flood, or storm, you need to act fast to prevent any further damage. Many restoration companies offer 24/7 emergency services so you don't wait longer than you have to. When you call expect to be asked about the extent of the damage. The restoration company can also walk through any questions you have about what steps you should take next.



2. CALL YOUR INSURANCE COMPANY TO OPEN THE CLAIM AND REQUEST AN INSURANCE ADJUSTER.

While you're waiting for the restoration company to come, call your insurance company to open your claim. When you call, your insurance company will likely assign an insurance adjuster who will come to your property to determine what costs the insurance company will and won't cover.



3. TAKE PICTURES AND DOCUMENT THE DAMAGE.

A restoration company can usually make it to your home within a few hours, but it could take longer for the insurance adjuster to make it to your home. While you're waiting, take pictures and write down any details you can remember about what happened. By properly documenting the damage, you will save time and money with the insurance company when determining what's covered and what isn't.



4. LEAVE THE REST TO YOUR RESTORATION COMPANY.

Once the restoration company arrives at your home they will have you sign a work authorization form that allows them to start restoring your home. From there, the restoration company will take care of the rest! You will pay your deductible and anything that isn't covered by your insurance, and the restoration company will contact your insurance company to collect any remaining cost.

A good restoration company will make sure to work with you and keep you updated on any unexpected projects.

WHAT TO LOOK FOR IN A RESTORATION COMPANY

Does the restoration company you called work with your insurance? Ideally it does, but it's important to ask your restoration company if they do. If they don't you could be paying for damage out-of-pocket that should be covered by your insurance company. When looking for a restoration company, find one that:

- Works with all insurance providers and takes care of the insurance process for you
- Does full-service restoration, so you don't have to hire more than one company to restore your home
- Offers 24/7 emergency services so you can call at any time to get your home restored fast

Your insurance company may recommend restoration companies to you, but you are not obligated to go with their choice. If you see a company that you like more, go ahead and give them a call to see if they accept your insurance!

INSURANCE FAQ Have additional questions about homeowners insurance? Here are a few answers to some commonly asked questions.

Who gets the check from the insurance company, the restoration company or me?

It depends on the insurance company and the situation. If you choose to work with Rapid Restoration, we will take care of getting payment from the insurance company, so you don't have to worry about it.

Can I remodel my home instead of restoring it how it was?

Yes! However, the cost of the remodel *may not be covered by your insurance policy*, as many policies only cover replacement costs equal to the original value of the damaged property.

If I file insurance claims, will my insurance rates go up?

It depends. The insurance company is investing in you to make money, which means the more it has to pay for damage to your property, the more you have to pay to help them cover the cost. However, if the reason for insurance claims was not your fault, then you might not see your rates go up.

FINAL TIPS

When it comes to figuring out how your restoration company works with your insurance policy, the important thing to remember is to **just ask!** We understand insurance policies can be confusing, which is why we are happy to answer any questions you have about the insurance process when working with us after your home has been damaged.



learn more at: [rapidrestorationmn.com](https://www.rapidrestorationmn.com)

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