

WYOMING DEPARTMENT OF INSURANCE

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*****FOR IMMEDIATE RELEASE*****

HOMEOWNER INSURANCE: NOT ALL POLICIES ARE THE SAME

CHEYENNE, Wyo. — Not all homeowner insurance policies offer the same level of coverage. The difference in the coverages offered can result in thousands of dollars of out-of-pocket expenses for a consumer in the event of a loss. It is the consumer's responsibility to understand the differences in coverage offered when shopping for insurance and to understand what your policy covers and does not cover before a loss occurs.

Your insurance policy is a legal contract between you and your insurance company. Reading your policy helps you verify that the policy meets your needs and that you understand your and the insurance company's responsibilities.

Below are a couple of coverage distinctions you should be aware of when shopping for insurance. For a full length guide to purchasing homeowner insurance and other useful insurance resources please visit the National Association of Insurance Commissioner's Insure U at:
http://www.insureuonline.org/insureu_library.htm.

Replacement Cost Value vs. Actual Cash Value

You can choose to insure your home and/or its contents for either Replacement Cost Value (RCV) or Actual Cash Value (ACV). In the event of a loss that is covered under your policy, RCV or ACV is the valuation method used to determine the amount your insurer will pay for a loss after your deductible.

RCV coverage allows for payment of the cost to replace the damaged property with like kind and quality material regardless of the age or pre-loss condition of the damaged material. In reviewing your coverage limit, it is important to understand that RCV and market value are not the same. The market value, which includes the price of your land, depends on the real estate market.

ACV coverage allows for payment of the cost to replace the damaged property with like kind and quality material *LESS* depreciation. An ACV policy takes into consideration the age, condition, and wear and tear of the damaged property. For instance, if the life expectancy of your roof is 30 years and your roof is 15 years old with average condition and wear and tear at the time of the loss; your insurer will subtract 50 percent from the cost of the materials in addition to your deductible. ACV coverage pays you for your loss, but often doesn't pay enough to fully repair or replace the damage.

Some insurers in Wyoming only offer an RCV policy with only ACV coverage for damage to the roofing material in the event of loss caused by wind or hail. *Know what type of insurance you are purchasing BEFORE a loss occurs.*

Deductible

A deductible is the money you have to pay out-of-pocket on a claim before the policy pays a covered loss. Deductibles may be offered in flat amounts such as \$500 or \$1,000 or deductibles may be offered as a percentage.

Percentage deductibles are typically a percentage of dwelling coverage limit. For example: if you have a 2 percent deductible and your dwelling is insured for \$200,000; your deductible is \$4,000 regardless of

the amount of the loss. It is a common misunderstanding that a percentage deductible is a percentage of the loss.

Some insurers in Wyoming only offer percentage deductibles for losses caused by wind or hail and a flat deductible for all other causes of loss. Having a higher deductible can be a good way to reduce your premium, however be sure you understand the amount of your deductible when comparing insurance prices. A deductible should be an amount you can afford in case you have a loss.

Choosing an Insurance Company

In addition to comparing cost and coverage, you may want to research a company's customer service record, licensure status and financial stability to find an insurance company to fit your needs. The Consumer Insurance Source or CIS is provided by the National Association of Insurance Commissioners and provides you access to key information about insurance companies, including closed insurance complaints, licensing information and key financial data. The CIS is located on the internet at <https://eapps.naic.org/cis/>.

For more information about issues dealing with your insurance, please contact the Wyoming Department of Insurance at 106 East 6th Avenue, Cheyenne, WY 82002, telephone: 307-777-7401 or toll free in Wyoming at 800-438-5768 and online at <http://insurance.state.wy.us>.