

Homeowners insurance is crucial for safeguarding properties, whether they are luxury homes or historic structures, yet many homeowners fail to ensure their coverage is adequate. A homeowners insurance policy typically includes coverage for the dwelling, which should reflect the rebuilding cost rather than market value, with some insurers offering guaranteed or extended replacement cost features for catastrophic events. Coverage for other structures, such as garages or pools, is often limited and should be reviewed. Contents coverage is essential, as homeowners frequently underestimate the cost to replace personal belongings; policies may vary in claims settlement methods, with some offering replacement cost and others providing depreciated value. Additional coverage for valuable items like jewelry or art may be necessary. Standard policies include personal liability coverage, which protects against lawsuits for bodily injury or property damage, but high-net-worth individuals may require excess liability or umbrella policies. Adequate additional living expenses coverage is vital if a home becomes uninhabitable due to an insured loss, ensuring the homeowner can maintain their standard of living during repairs. Consulting a personal risk advisor is recommended for proper protection, especially for high-value properties.

For condominium owners, it is important to understand how personal insurance aligns with the condo association's master policy, as owners are generally responsible for insuring their unit and personal belongings, while the association covers common areas and structural elements. Personal liability is a significant concern in multi-unit dwellings, and special coverage may be needed if renting out a unit. Policies may cover additional living expenses or loss of rents if a disaster renders a unit uninhabitable, and flood insurance should be considered, as flooding can affect all unit owners regardless of their floor level. Understanding the coverage provided by the association and the National Flood Insurance Program (NFIP) is essential to avoid gaps in protection.

The policy outlines the differences between claims settled based on actual cash value versus replacement cost value, including coverage for extra living expenses and the option for excess flood coverage. It emphasizes the importance of natural disaster preparedness, particularly for properties

at risk of hurricanes, wildfires, and flooding. For hurricanes, homeowners are advised to create and regularly review an emergency plan, plan evacuation routes, and have emergency supplies ready. For wildfires, advance preparation, regular property upkeep, and creating defensible space around homes are crucial. Flood risks are highlighted, noting that flood protection is typically not included in standard homeowners policies and must be purchased separately.

Unique insurance needs for condo or co-op owners are addressed, recommending alignment of unit coverage with overall insurance programs and association coverage to avoid gaps. For secondary properties, consulting a personal risk advisor is suggested to ensure comprehensive coverage and avoid patchwork insurance plans that may lead to overlaps or gaps. Key considerations include the property's location, usage, belongings stored there, and the legal title of the property, which may necessitate specific liability insurance.

During renovations or construction, the policy warns of increased risks and advises close communication with a personal risk advisor to navigate exposures and ensure adequate coverage. It highlights the importance of contractor liability, recommending homeowners verify contractors' insurance and reliability before hiring. Additionally, it provides tips for protecting against theft and fire during construction, such as installing security systems and maintaining fire safety measures.

The policy also discusses insuring properties held by trusts or LLCs, emphasizing the need for insurance programs that reflect these ownership structures to avoid unintended risk exposures. Consulting with legal and financial advisors alongside a personal risk insurance advisor is recommended to ensure proper coverage and address the complexities of layered ownership structures.

Finally, the policy stresses the importance of including specific coverage details to avoid claim denials in the event of a loss. Marsh Private Client Services offers personalized assistance through

dedicated Personal Risk Advisors to help clients navigate homeowners insurance options tailored to their unique needs, aiming to prevent gaps in coverage that could lead to uncovered losses. Clients are encouraged to contact Marsh Private Client Services or visit their website for further information. Marsh PCS, a division of Marsh USA Inc., specializes in creating personal insurance solutions that cater to clients' lifestyles, supported by global resources and strong claims advocacy. The document clarifies that the information provided is not intended as specific advice and should not be relied upon as such, with Marsh disclaiming any liability for the accuracy of the information and advising clients to consult their own professional advisors for matters related to actuarial, tax, accounting, or legal issues. Ultimately, the responsibility for selecting appropriate coverage rests with the insurance purchaser, who must consider their individual circumstances and financial situation.