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*Listening, learning,  
and living together:  
it's the science of life.*

## **Disaster Planning: Insurance Coverage <sup>1</sup>**

*Donna Davis<sup>2</sup>*

Until hurricane season in Florida this fall, many homeowners had never really looked at their homeowners' insurance policies, nor did they think they really needed to spend their valuable time on such details. But, for many, after the storm was too late.

Some Floridians learned the hard way that they had less homeowners' insurance coverage than they thought. Some found out that they didn't have enough coverage—that is, their policy was written for less than the standard: a minimum of 80% of the value of their home. Other homeowners were surprised to learn that their policy had a deductible for hurricanes that amounted to two or three percent of the value of the house.

Likewise, homeowners didn't remember if they had purchased either replacement cost or actual cash value insurance for their home. It's important to know the difference. For example: if you purchased a TV for \$700 in 2000 and it was destroyed, actual cash value replacement would reimburse you for the value of a four-year-old television, or maybe \$300.

If you'd purchased replacement cost insurance on your home, and the same TV now costs \$900, you would initially receive the cash value of \$300, but when you replaced the

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TV and presented receipts to the insurance company, you would be reimbursed the remaining \$600.

It's important to remember that with any loss, you should keep receipts for repair and replacement of items. If your insurance company doesn't reimburse you for all losses, you may be eligible to deduct some of the loss from your income taxes.

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