

# Lampton/Engle & Associates

## Insurance & Financial Services

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## Staying in touch Keeping you informed on *Personal Insurance* issues



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### Should Your Homeowners Policy Insure Your Land?

Countless issues are involved in a home-buying decision: location, taxes, schools, recreational facilities, shopping conveniences, size, quality of construction, your commute, and the list goes on. **Insurance** concerns typically come much later—perhaps after you have decided on a particular house and are looking to close the deal.

One issue often remains unclear: *how much* of a property's total market value do you really need to insure? Suppose you paid \$350,000 for your house, \$100,000 of which is attributed to the value of the land. The land is included automatically in your buying price, but seldom do homebuyers discount the price of land from coverage when contemplating the purchase of an insurance policy.

#### Replacement Costs: Points to Consider

Most banks and institutions providing home loans require that a **homeowners insurance** policy guarantees 100% of the home's replacement cost. But, what does this replacement cost cover? Is it the dwelling and other structures that are on your property? Does it also include the land?

As it stands, a piece of land generally does not need to be replaced. Even if your entire house were to burn down or be

destroyed in another way, your land would still remain. Thus, it stands to reason that the value attached to the land itself may safely be excluded from coverage. What you really need to insure are the "replaceable" components: the dwelling, other structures around it, and your possessions. It is generally best if coverage is 100% of replacement cost—in other words, the actual cost, under prevailing market conditions, to replace everything from the ground up.



If you have questions concerning the scope and coverage of your homeowners insurance policy, or if you are in the process of determining insurance needs for a new home you may decide to purchase, give us a call. Our insurance professionals can help you decide the coverage that is right for your particular situation.

### Finding a Good Appraiser

Whether you are donating an item to charity, planning your estate, or evaluating your insurance coverage, an appraisal can help you determine the value of your possessions.

The appraisal process often includes research, document preparation, and photographing or videotaping, if desired. The resulting appraisal document will generally state the date, the purpose of the appraisal, a detailed description of each item, and the appraised value, as well as the appraiser's name, address, and signature.

Accuracy is essential when it comes to an appraisal, so be sure to find a *qualified* professional. Avoid appraisers whose fees are based on a percentage of the value of the appraised collection or object. The American Society of Appraisers, can help you find an accredited appraiser through their toll-free referral line, (800) ASA-VALU, or online at [www.appraisers.org](http://www.appraisers.org).

## Be Safe by Digging Safe

Eventually, just about every property owner plans for renovations and home improvements. If you are planning a backyard project that involves digging, you should know that many state laws mandate the reporting of your excavation two to three days beforehand. Regardless of the location, utility lines may be as close as 18 inches below ground, and preventing breaks to these lines is paramount to public safety and the law.

If you do have a project planned, many states provide free services to help prevent utility damage. If an outside company is doing the work, it is generally recommended that they call the service, since they can easily provide the information necessary to obtain a permit.

Some states require property to be *pre-marked* before calling their services. Pre-marking involves using white markings to indicate the circumference of the intended excavation. Here are some pre-marking guidelines that you or your contractor should follow:

- The name or logo of the company doing the work must be shown within the pre-marked area, which is defined by white posts, flags, or paint.
- Additional excavation outside the marked area will require another permit.
- Oftentimes, companies that participate in a state program and own or care for utilities within your pre-marked area will mark their pipes accordingly. If privately owned utility companies exist

in your area, you may be held accountable for contacting them about any intended digging.

- Work that involves the entire property must be defined by marking the property perimeter, which indicates that work will be done throughout.
- Neglecting to pre-mark an area may jeopardize your permit and/or result in a civil penalty.

Soil erosion, grading, and other environmental factors can mean that old measurements are no longer accurate. Some state laws require non-mechanical digging be used for sites that come within 18 inches of a marked utility. Dial 911 immediately if a line is damaged and the possibility exists of risking public health. Then, you must notify the company whose line was damaged. Do not try to repair the line yourself. It is a good idea to be prepared for an accident by learning the safety procedures of relevant utility companies before your project begins.

If you are considering a digging project, you can contact utility companies directly to determine what obstacles may be in your area. Utility companies can often provide maps and/or drawings, or they may even arrange meetings to help lay out your planned excavation. There are many services available to assist you with your renovating and digging projects. Utilizing them fully may not only be legally required, but it could also help ensure the continued safety of your family, neighbors, and community.

## Replacement Parts: Denting Your Wallet?

Every year, the insurance industry spends huge sums of money for parts and labor to repair vehicles damaged in auto accidents. The high costs are due, in large part, to the price of manufacturers' replacement parts. Unfortunately, these costs are ultimately reflected in your auto insurance premiums.

The good news is that there are alternatives to expensive manufacturers' parts. They are called **quality replacement parts**, also known as **like-kind quality (LKQ) parts**, and they typically cost less than manufacturers' replacement parts. Bear in mind that insurers are obligated by their policies to provide policyholders with replacement auto parts that are *equal to or better than* those of the original manufacturer.

Insurers are concerned about safety as much as you are, because safer vehicles mean fewer and less expensive accidents. Generally, LKQ parts meet the same rigid specifications as the original parts, are made in state-of-the-art factories, and are comparable in quality to those made by the original manufacturer. Some reputable makers of quality replacement parts offer warranties that match, and often exceed, those offered by the car manufacturer.

If your vehicle is damaged, LKQ parts may be a safe and affordable option. They are one example of how the insurance industry is always looking for new ways to help keep your premiums down while providing quality service.

## For Your Information

### Determining MPG

These days, gas mileage (MPG), fuel costs, and gas emissions are on the minds of consumers and manufacturers alike. With this in mind, the Department of Energy has created "Your MPG" to help consumers calculate and track their vehicle's fuel economy. Individuals can also compare their fuel economy with the Environmental Protection Agency's test ratings, share their data with other users, and download a fuel expenditure log. For more information, visit [www.fueleconomy.gov](http://www.fueleconomy.gov).

### New Guidelines for Vehicle Safety Ratings

The National Highway Traffic Safety Administration recently updated its 5-star vehicle safety ratings system. The criteria ranges from 1 to 5 stars, with 1 star being the lowest and 5 stars the highest. Given that the new standards are more rigorous than those previously used, a vehicle that formerly received the top rating may have been downgraded. To view the list of newly rated vehicles in its entirety, visit [www.safercar.gov](http://www.safercar.gov).

### Insurance Videos

Founded in 1960, the Insurance Information Institute strives to improve the public's understanding of what insurance does and how it works. One way that it provides information to consumers is through a series of instructive videos. Available in English and Spanish, the videos cover topics ranging from how to file a claim to general tips on how to save money while ensuring proper coverage. For more information, visit [www.iii.org](http://www.iii.org).