

Dear Homeowner,

Every homeowner is required to carry homeowners' insurance if you have financed your home or want to protect yourself against unexpected, major problems that may come up in the course of home ownership. The key here is to understand the difference between a major problem, items that are covered by a homeowner's insurance policy and problems that come up that are not covered by a general homeowner's insurance policy.

Your homeowners' insurance protects you the homeowner in case of major events that affect your home in an adverse way. In years past, I have sparingly used my homeowners' insurance coverage and have had great results. Something recently came up though that I was not aware of, nor was I prepared for when making a claim and paying my contractor.

I recently had a water leak in the lower part of my home. This leak was not the result of ground water leaking into my home, nor was it the result of frozen pipes. The water leak was the result of a broken water line in the upper part of the structure. Water came down the inner wall and penetrated all the lower-level floors, causing right at eight thousand dollars in damage. I called on my insurance people and they sent someone out to evaluate the situation and determine coverage and cost. As a result, my insurance willingly represented they would cover the repair costs minus my deductible. I called on a contractor to give me an estimate to fix the problem. The contractor and I agreed upon a cost, and he made the repairs. From the start the contractor was aware that he would be paid out of the insurance money. He was comfortable with that, and we proceeded. At completion of all the work the insurance company needed pictures of the completed work and a copy of the contract I had with the contractor. After complying with what my insurance company needed and a few small additional hang ups, I received a check to cover the cost of the repairs minus my deductible. I went to deposit my check, and it turns out the bank would not accept the check for deposit. The check had to be endorsed by both the out of state bank and myself. I had to contact the lender to ask for their directions and that was an unpleasant experience. After contacting the bank, nobody could help me and take care of this matter. Finally, after being transferred to 4 or 5 different people who couldn't help me, I was transferred to someone who didn't even work for the bank but oversaw such nonsense. I was instructed to mail the check to them and if everything was to their liking, they would have it endorsed, and the check would be sent back to me.

From the time the insurance check was issued to me by the insurance company, messing around with this endorsement issue, it took almost four weeks to get to the point where I had a check in hand that I could deposit and pay off my contractor.

Not being aware of this sort of nonsense, I thought this was a matter I needed to bring to the attention of my homeowner clients. The demand on the banks' part to have them endorse my insurance check seemed a little borderline ridiculous. Had I known of this procedure, the delays and stress this action brought on, could have been averted and the whole process could have and should have gone much smoother!

I have recently learned something else worth passing along to you. Beware that insurance companies have an odd take on defining a water leak. The average insurance policy most of us have does not cover ground water leaking into our homes. Additionally, leaks brought on by frozen pipes are most likely not covered. These two items are pretty well known. But the following caught me by surprise. Insurance companies make a distinction between a **broken pipe** which allows a sudden gush of water to escape and a slow leak that is most likely the result of **normal wear and tears**. With a broken pipe, along with all related damage, you are most likely be covered. But be aware that a slow leak brought on by age, normal wear and tear will most likely not be covered by most homeowners' insurance policies and all related damage will be the homeowner's expense.

There are reasonable **home warranty** policies available to address some of the issues not covered by your regular homeowner's insurance policy. If you have any related questions, give me a call and we can explore this further and address any questions you might have in this regard. My sole purpose in this communication is to give you a heads up and pass along information that may prove beneficial to you as you manage owning a home.



Rod Stone

(907) 727-9379

rod@rodstone.com

Real Estate Brokers of Alaska

7201 Kiska Cir

Anchorage, AK 99504

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