



Homeowner's Insurance

Review Your Policy Limits as Construction Costs Rise

RAPIDLY RISING home construction costs could result in your home being underinsured if you suffer a major loss and haven't increased your homeowner's insurance policy replacement cost limits lately.

Your policy has a maximum amount it will pay to rebuild your home, and that limit should reflect current construction costs. Otherwise, the policy may be enough to rebuild after a total loss like a fire razing your home. And whatever the insurance doesn't cover, you would have to pay out of pocket.

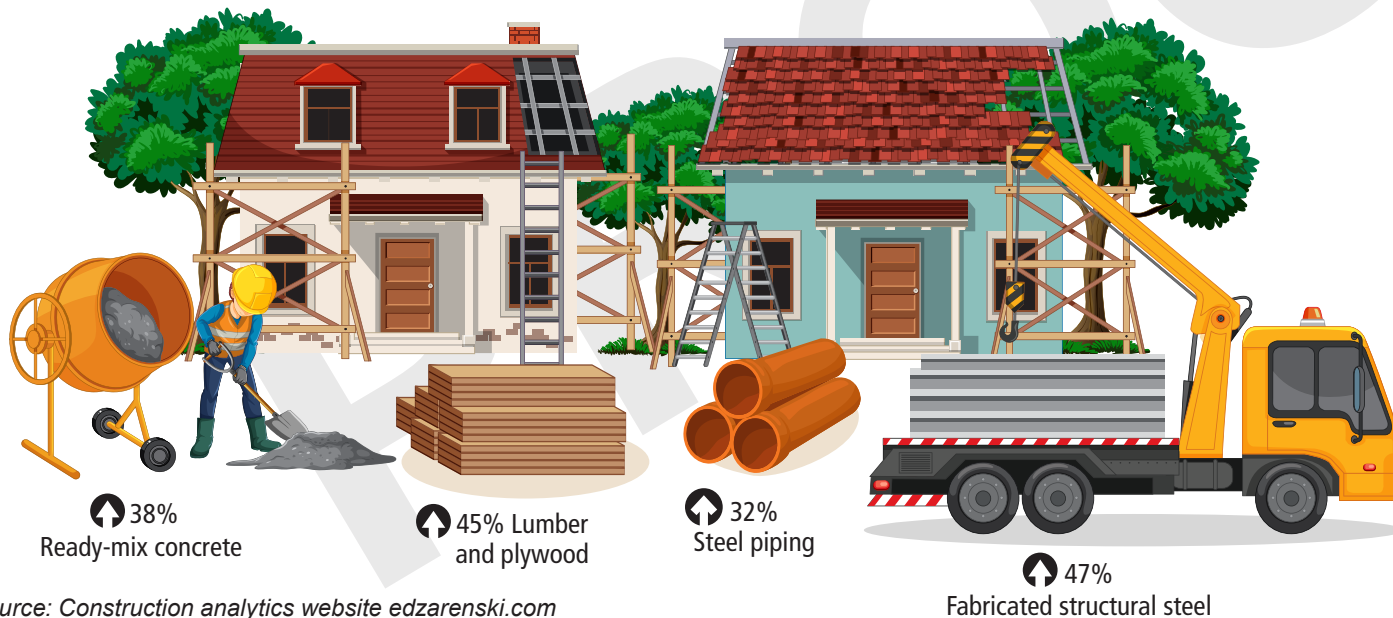
Construction costs

According to a report by Verisk, reconstruction costs in the U.S. increased by 5.2% from April 2024 to April 2025, up from April 2023 to April 2024. That's after rising nearly 40%.

Those rising costs come on the heels of massive material price increases of 40% from 2020 to 2023 when supply chains were snarled. Some prices have come down a little, but they are still mostly higher than before the pandemic. For example, according to the

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MATERIAL PRICES SURGE 2020-2024



Source: Construction analytics website edzarenski.com



Corey Voggesser
Agency Owner

T: 970-622-8553
cvoggesser@allstate.com
1001 Cleveland Avenue
Loveland, CO 80537

Allstate



Protecting the people and property that matter most to you.

Throwing a Party? Cover Your Risk with an Umbrella

MANY HOMEOWNERS enjoy throwing parties for holidays or special events. If you're planning a party in the near future, be sure that your homeowner's coverage is adequate and, if it's not, you should consider a personal umbrella policy.

Guests who are injured may need to file an injury claim if their vehicle is damaged, if they fall down or if a pet bites them.

Research shows that about 75% of homeowners who plan social gatherings in their homes do not have a personal umbrella policy. This makes them more vulnerable to lawsuits stemming from guests who suffer injuries.

The same study found that the remainder of the homeowners surveyed did not know what type of coverage they had.

This means it is likely that the percentage of homeowners who do not have adequate coverage is even higher.

But a personal umbrella policy is necessary to protect against lawsuits.

Homeowners may be held responsible for damages arising from accidents caused by intoxicated guest who drives home.

Check your protection

Personal umbrella coverage is simply a \$1 million liability policy (which pays for bodily injury or property damage to others).

It sits and waits until one of the underlying policies — typically your car or home insurance — is maxed out.

Here's a hypothetical situation:

Bruce has a homeowner's policy with a \$300,000 liability limit. He threw a big party and one of the guests drank too much, drove and crashed into another vehicle, injuring several of its occupants. Let's say that his homeowner's policy pays the \$300,000 (very safe assumption), but the settlement is \$800,000. Where does the remaining \$500,000 come from?

The answer: His umbrella policy. ❖

Let us check your coverage
Call Us: 970-622-8553



Alcohol Tips

If you're throwing a party, consider:

- Ensuring that there are filling foods and non-alcoholic beverages.
- Limiting invitations to friends, family or familiar people.
- Providing transportation or accommodation for guests who drank too much.
- Avoiding serving alcohol to guests who appear intoxicated.
- Planning activities that draw attention away from drinking alcohol.
- Stopping the flow of alcohol at least one hour before the party ends.



Continued from page 1

Add Uninsured/Underinsured Motorist Coverage to your Policy

construction analytics website edzarenski.com:

With tariffs coming on many goods used in home construction, we could be in for another round of construction cost increases.

Also, the construction industry faces a labor shortage, which has added to the cost of rebuilding and the time it takes to complete a project.

Escalating construction costs can extend rebuilding and repair timelines for properties. Longer waits for materials or workforce can also increase compensation periods, burdening homeowners temporarily relocated with extra living expenses.

Insurance policies typically cover additional living costs, yet if delays surpass those benefits, homeowners are forced to pay for extra accommodation expenses themselves.

Revisit your replacement cost

One of the critical parts of the claims settlement process is determining the cost to reconstruct a house to its original state with new materials and current labor rates. When these costs rise, so should your policy limits.

For example, a homeowner bought insurance five years prior with a coverage cap of \$550,000.

With escalating material and labor expenses, the present reconstruction price has soared to \$650,000. Should a total loss occur, the insurance compensation would fall \$100,000 short, forcing the occupier to pay the rest out of pocket.

What you can do

If you are concerned about being underinsured and haven't revisited your replacement costs for some time, please give us a call. You don't want to be caught holding the bag in case of a large claim.

To further cover your assets, ask us about coverage options like:

- Extended replacement value coverage, which boosts dwelling limits if costs exceed standard coverage.
- Loss of use insurance, which aids in financing temporary housing if the property becomes uninhabitable.
- Ordinance or law insurance, which covers expenses for conforming to current building codes. ❖

Protecting Your Fifth-Wheel or Pop-up Camper

AS SUMMER approaches, many Americans start planning for camping excursions in the months ahead in motorhomes, fifth wheels, travel trailers and pop-up camper trailers.

And while motorhomes are vehicles that require their own insurance policy since you are driving them like a car, what about the aforementioned trailers? Since you don't actually drive them, states don't require that you carry insurance on them.

But just because insurance isn't required for trailers, doesn't mean it's not a good idea.

Here's what you need to know, including the most common camping trailers on the market, your insurance option and the factors affecting cost.

Your auto insurance

If you have comprehensive coverage on your vehicle, it will not cover your fifth wheel or trailer if it is damaged or stolen.

However, if your vehicle is towing the unit and the trailer damages a third party's property or injures a third party, your auto liability insurance would cover the damage you caused.

If you're at fault for an accident that damages your unit, however, your towing vehicle's coverage won't pay to repair it.

Insurance option

The only time your auto insurance would cover your trailer is if it damages a third party's property or injures a third party while being towed by a covered vehicle.

However, if you are at fault in an accident or if it suffers other damage like hail or fire, or if it's stolen, your policy would not cover it.

Fortunately there is RV or travel trailer insurance.

What RV insurance may cover

Collision coverage: Covers damage to the trailer if it's involved in an accident with another vehicle or object, regardless of fault.

Comprehensive coverage: Covers damage to the trailer from non-collision events like theft, vandalism, fire, wind, hail or other natural disasters.

Total loss replacement: In some cases, if the trailer is a total loss within a certain timeframe, the insurance company may pay for a new trailer of the same kind and quality.

Emergency expense coverage: May cover lodging and other expenses if the trailer is damaged far from home.

Cost

Many policies will reduce the premium if you store your trailer for part of the year.

The price of insurance will depend on factors like your age, location, driving history, coverage options and the year, make and model of your trailer.

If you are in the market for a fifth wheel, travel trailer or pop-up camper, give us a call ahead of time so we can help you secure proper coverage to protect your new investment that is bound to provide you with years of fun. ❖

Fifth-wheel trailers

These are the largest types of trailers and are similar in size to a class A motorhome. They must be towed by a large pickup truck capable of handling their weight, using a special tow point in the bed of the truck known as a fifth-wheel coupling.



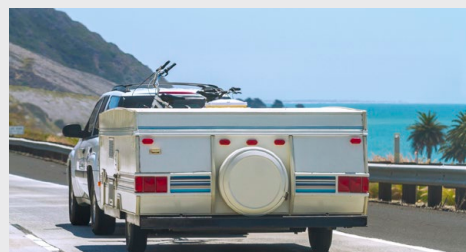
Travel trailers

These are smaller in size and are towed behind a vehicle, typically with a ball hitch. You can use a smaller vehicle to tow one, like an SUV or light truck



Pop-up campers

These are a type of travel trailer but a smaller variety. These share the same bumper pull hitch and are collapsible to a certain degree. Some models "pop up" part of the interior while others can completely fold down the living space, so it looks more like you're towing a box on wheels.





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Will Your Coverage Replace Your Car's Smart Keys?

METAL CAR keys are going the way of the land line, as most drivers have graduated to a key fob or remote with a transponder that needs programming before use.

If you own a high-tech luxury vehicle you might have a “smart key” – a remote control to plug into your dashboard or leave in your pocket.

Although these devices add convenience, they're pricey. You'll pay \$200 to \$400 to replace a smart key on a luxury car, plus \$100 an hour for labor. If you lose all your keys, you might need to replace the locks, which could cost \$1,000.

Auto insurance will cover the cost of replacing smart keys (or metal keys) only if the loss comes from a peril covered under the policy. For example, if your keys are damaged when you collide with another car, collision coverage would pay to replace them. Comprehensive coverage – which reimburses you for loss or damage to your vehicle from theft, vandalism, fire, hail or flood – would include replacement of the keys, as part of the vehicle.

If your car keys are stolen, Homeowners insurance should pay to replace them because theft is a “named peril” under the policy.

Bear in mind that your auto or homeowner's deductible will apply against the cost of replacement.

Technology is well on the way to eliminating car keys. According to the AAA, smartphone apps that allow you to unlock and start your car will be standard on many vehicles as soon as the end of this year.

In the meantime, you can avoid paying the high cost of replacing smart keys by keeping spares in a safe place.

To learn more, please feel free to get in touch with us. ❖

