



Southwestern Insurance Information Service

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News Release

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Many Texas homeowners are underinsured, insurance industry trade group warns

(Austin, TX) Reliable estimates reveal that between 50-70 percent of homeowners do not have enough insurance to rebuild their homes in the event it is completely destroyed, and insurance industry trade group said today.

“It is unfortunate that many people living in Texas do not come to this realization until they have sustained catastrophic damage and discovered their insurance coverage falls far short of the cost to rebuild their home,” according to Jerry Johns, president of Southwestern Insurance Information Service.

This was dramatically pointed out following wildfires in California and Arizona when people found there were not enough insurance dollars to replace what was destroyed, he said.

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“There is no time like the present to revisit the amount of insurance carried on home and be certain the coverage has kept pace with inflation and there is sufficient money to cover a major loss,” he added.

“Replacement cost is the amount necessary to reconstruct your home and should not be confused with the tax appraisal of your home,” he stressed.

Johns suggested talking with your insurance agent or calling your insurance company to discuss these topics.

“Some of the things a homeowner should consider are any improvements such as upgraded bathrooms, kitchens or other unique features to a home, local building codes and increases in construction costs,” he noted.

“It is also a good idea to maintain a current inventory of personal items in a home,” he went on. “A video tape or hand-written account should be kept in a safe place away from the home.”

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“It would a sad experience to suffer the complete destruction of a home and find out that it was underinsured by thousands of dollars,” he concluded.

SIIS is a 55 year-old regionally based insurance trade association.

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