



# Protecting the Castle

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Special homes need special  
protection. Know what to look for.

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**B**eautiful, stunning, one-of-a-kind! The oriental rugs, window treatments, antique furniture, art and collectables, and the house itself: all selected carefully or custom-built. The envy of your neighbors! A dream home!

But, have you ever wondered, “*what if?*” What if what *is* became what *was*?

What if your mansion suddenly became rubble? If your fine appointments became ashes? What would your insurance company do? Would that company appreciate and value what you lost?

There are no simple answers, but how you approach your insurance program can affect what you experience.

## Insurance Evolution

The business of fire insurance—now homeowner’s insurance—has transformed dramatically in the last century. It began humbly, with fire departments and insurance companies working together.

In the English tradition, insurance companies owned their own fire brigades, and the homes that were protected displayed a ceramic or metal medallion called a fire mark. Although no longer required, these historic, very collectable emblems can still be found on several buildings in our community [see photos].

Today, not only are many more perils covered by home insurance (e.g., wind, hail, water, aircraft, vehicles), but there are also specialty programs catering to homes worth in excess of \$1 mil-

## Covered or Not?

Under a standard homeowners policy, are you covered?

**Q:** If you decide not to rebuild your house after a fire, you can choose to get the limit shown on the policy.

**A:** NO. Not unless the policy includes a cash-out option.

**Q:** Out buildings, such as party barns, will be covered to their full replacement value.

**A:** NO, in general. Outbuildings are generally limited to 10% of the main house limit.

**Q:** Breakage of my collectables is automatically covered.

**A:** MAYBE. There are two different types of floater endorsement that apply: one covers breakage; the other doesn't.

**Q:** I have the right to choose cash or replacement on stolen (scheduled) jewelry.

**A:** NO. Most policies give that option to the insurance company.

lion. Offering a suite of value-added services, these programs feel like personal concierges managing your risk.

In addition to extended coverage, it's also about service: in particular, the right people. Well-trained company personnel that provide extra, complimentary risk management services and adjusters that settle claims quickly with no haggling over cost or requiring extensive documentation are standard. Once a homeowner has experienced this high level of service, the slight additional cost—sometimes as little as 10-20%—becomes almost irrelevant.

### Sometimes You Just Need to See It ...

For instance, I recall the day I insured my first \$2 million home. The property was in the rolling hills of Chester County: a newly constructed home of a well-respected physician. As he opened the door on this frigid winter day, I saw stunning entryways with extravagant marble flooring going from the two-story entrance into every room. Above, I noticed the stained tray ceiling with inlaid millwork and lots of detail. Even the outside porch had extra detail that likely took a skilled carpenter months on a scaffold.

But what stood out was the doctor: he was standing there in bare feet on marble floors in the dead of winter! Reaching down, I touched the floor and realized the house had radiant floor heat. More important, I knew this home would take much more than the typical \$175-to-\$200-per-square-foot cost to rebuild. It needed a higher coverage limit.

When you have a unique property, there's no replacement for having someone who understands its unique features and understands the



Historic firemarks

care you've taken to create a one-of-a-kind home, restore an old farmhouse, or renovate a historic inn. You're creating a certain ambience and lifestyle, and that's what you want to protect and recreate, if needed. And so the number one thing every owner of a unique home should look for is the re-creation cost obligation in the insurance contract.

### Cream of Coverages

When a homeowners policy specifies "the cost to replicate," rather than "like kind and quality," it means the insurer will work to help you recreate exactly what you had—not merely something similar.

For example, consider a home that featured unique woodwork but the equipment to make it is no longer available. An ordinary insurance company would suggest the homeowner find the best match from the local hardware store. But, when confronted with this problem under a "cost to replicate" policy, an insurance company paid to have the original tools remade. Similarly with mosaic, marble and tile: "recreate" includes expenses for a special artisan to do the work.

### It's in the Details

This cost-to-replicate coverage is why high-end insurers do detailed room-by-room inspections and document the homes they insure: to make sure the limits are sufficient to re-create what's there. One company even interviews contractors several times a year to update construction costs so estimates are as accurate as possible.

It's true that personal insurance for some is becoming more and more commoditized, as decisions for insuring your most personal assets may be made by phone with agents that have never evaluated your property. This might be acceptable for someone in an average home, but those with unique homes need to find specialized professionals and coverage.

Like hiring the right attorney, accountant or financial advisor, the process starts with interviewing the insurance broker. The broker will

guide the selection of your insurer and contract. And to ensure that your unique home is adequately protected, the contract must promise to replicate what you might lose and provide you with the services you value.

Don't get lost in those details. Working with a qualified insurance professional to protect your one-of-a-kind investment for all it's worth will let you rest easy. ♦

*With offices in the tri-state area, Arthur Hall Insurance has been insuring fine homes since 1966. Mark D. Sammarone, Vice President, is a member of the Society of Certified Insurance Counselors. Contact him at 610-696-2394: ArthurHall.com.*

## Special Policy

Many specialized homeowners policies have extra coverages, such as:

- "Cost to replicate" (vs. "like kind or quality")
- Claim response within 6 hours; check issued within 48 hours
- Finding comparable temporary housing
- "Cash-out option" if you don't rebuild
- Waived deductibles
- Preferred contractor lists
- Photographic documentation, measurement, reconstruction cost estimate, etc.
- Home scan using infrared technology to locate leaks and electrical hot spots
- Contractor & staff background checks; help with employee liability insurance
- Security and fire prevention consultation, including advice on alarm system
- Consultation on managing collections of antiques, silver, wines, etc.
- Full coverage for upgrades needed to meet current building codes
- Higher theft sub-limit and special settlement terms on jewelry, furs, antiques
- Higher and worldwide personal liability coverage
- Travel and lifestyle assessments