



FARMERS
INSURANCE

BUNYAPANASARN
AGENCY

WHY INVOLVE AN INSURANCE PROFESSIONAL AFTER FORMATION OF A TRUST?

- *HOME INSURANCE**
- *LIABILITY**
- *PERSONAL PROPERTY**



FARMERS
INSURANCE

BUNYAPANASARN
AGENCY

THE DANGER OF BEING UNDERINSURED

- Reconstruction Cost Estimate (RCE)
- Co-Insurance Clause
- Deductible

ACTUAL CASH VALUE (ACV) POLICY

$$\begin{array}{r} \$175,000 \\ \text{Estimate of Damage} \end{array} - \begin{array}{r} \$2,000 \\ \text{Deductible} \\ \$92,000 \\ \text{Depreciation} \end{array} = \begin{array}{r} \$81,000 \\ \text{ACV payout} \end{array} + \begin{array}{r} \$0 \\ \text{Non-recoverable} \\ \text{Depreciation} \end{array} = \begin{array}{r} \$81,000 \\ \text{Final ACV payout} \end{array}$$

REPLACEMENT COST VALUE (RCV) POLICY

$$\begin{array}{r} \$175,000 \\ \text{Estimate of Damage} \end{array} - \begin{array}{r} \$2,000 \\ \text{Deductible} \\ \$92,000 \\ \text{Depreciation} \end{array} = \begin{array}{r} \$81,000 \\ \text{ACV Payout} \end{array} + \begin{array}{r} \$92,000 \\ \text{Recoverable} \\ \text{Depreciation} \end{array} = \begin{array}{r} \$173,000 \\ \text{Final RCV payout} \end{array}$$



FARMERS
INSURANCE

BUNYAPANASARN
AGENCY

RECONSTRUCTION COST ESTIMATE

-Home Features:

- *Dwelling sq. foot, Roof Type
- *Foundation
- *Upgrades

-Estimated Breakdown:

- *Labor, Materials and Supplies
- *Architect Fees and Permits
- *Overhead and Profit
- *Demolition/Debris Removal
- *Other Fees and Taxes

| | |
|--|--------------------|
| The replacement value of the building as determined by independent appraisal (At the time of the loss, December 2020) | \$2,000,000 |
| Coinsurance requirement | 80% |
| The coinsurance limit (insured value to insured limit) | \$1,600,000 |
| Insured limit | \$1,000,000 |
| Limit satisfies coinsurance minimum limit | No |
| Reported loss | \$500,000 |
| Less coinsurance penalty (\$1,000,000/\$1,600,000) | 0.625 |
| Gross loss subject to insurance recovery | \$312,500 |
| Less deductible | (\$5,000) |
| INSURANCE PAYS | \$307,500 |

HOMEOWNER (\$500,000-\$307,500)
OUT-OF-POCKET!!!

\$192,500



CO-INSURANCE CLAUSE & DEDUCTIBLE

Scenario A. Since 2010, the home is insured for \$1 million and the renewal insured limit remains the same on renewal. In 2020, the loss settlement clause remains as **replacement cost**. The insured has not requested the insurance Agent or see Appraisal of the building's estimated replacement cost in 2020. The building is damaged by fire around December 2020, and repairs total is \$500,000. The replacement cost of the building is determined to be \$2.0 million. What is the insurance recovery after a \$5,000 deductible?



FARMERS
INSURANCE

BUNYAPANASARN
AGENCY



**ADDITIONAL
INSURED**

VS

**ADDITIONAL
INTEREST**



FARMERS
INSURANCE

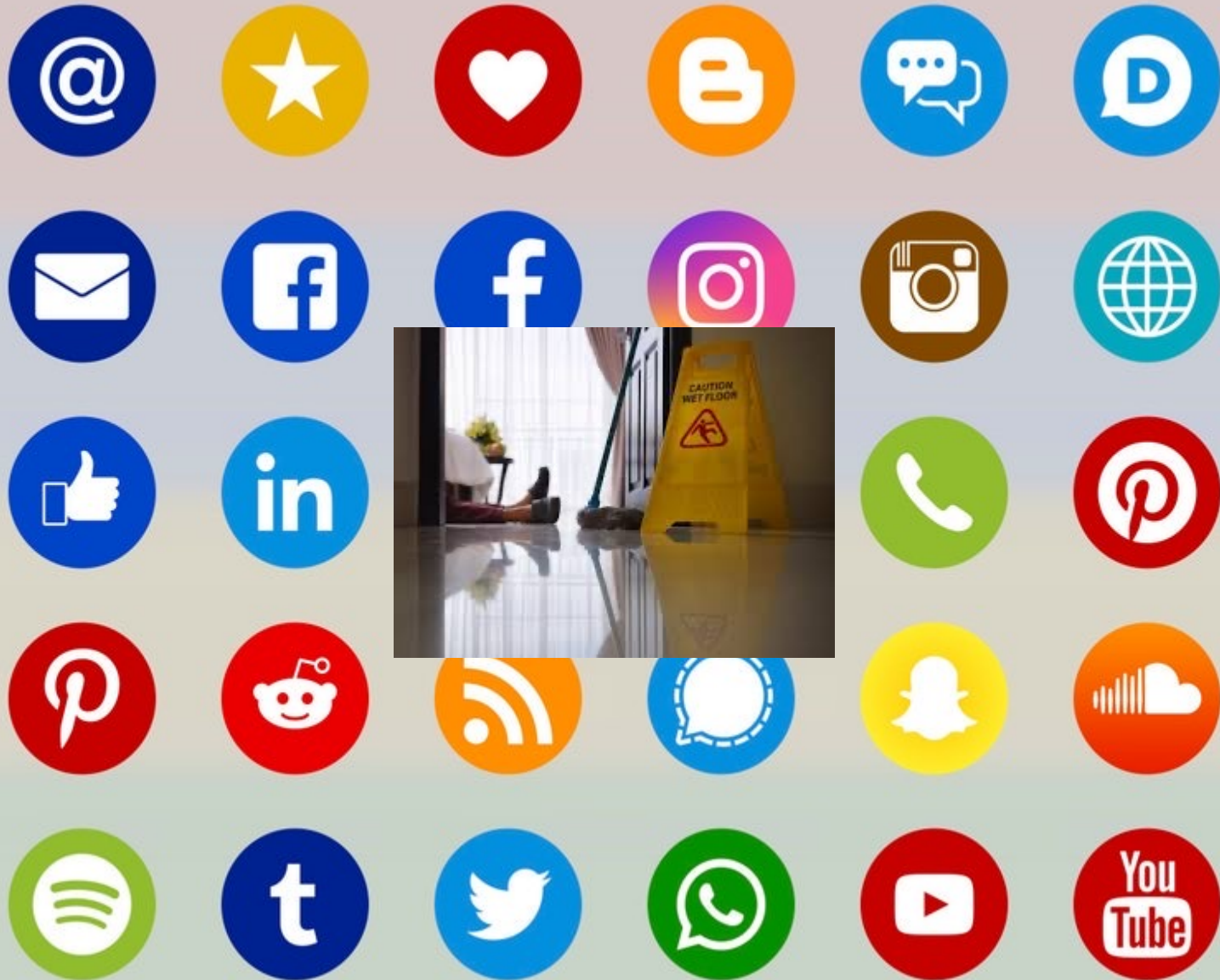
BUNYAPANASARN
AGENCY

INSURANCE

REAL PROPERTY

&

PERSONAL PROPERTY



HOMEOWNER
INSURANCE

GENERAL LIABILITY

&

PERSONAL INJURY
LIABILITY



HOMEOWNER INSURANCE

ENDORSEMENTS

&

EXCLUSIONS



FARMERS
INSURANCE

BUNYAPANASARN
AGENCY

WHAT TYPE OF INSURANCE IS IMPORTANT TO ESTATE PLANNING, TRUST AND PROBATE CLIENTS?

- **REAL PROPERTY INSURANCE**
 - FIRE
 - LIABILITY
 - EARTHQUAKE
 - FLOOD
- **VEHICLE INSURANCE**



shutterstock.com • 2039385134

IT'S ALL ABOUT THE INSURANCE 'DECLARATION PAGE'



What needs to happen to insurance to avoid DENY Claims?

When...

1. Transfer of Real Estate from an Individual Name to a Trust
2. Transfer of Real Estate from an Individual to LLC
3. Homeowner Under a Conservatorship
4. Homeowner dies – home occupancy changes (i.e. vacant, non-owner occupied, rental, renovation and remodeling)



FARMERS
INSURANCE

BUNYAPANASARN
AGENCY

Q & A