

Financial Insight

Security For Generations



2nd Quarter 2022

Home Insurance

by Bryan Vancura

Have you reviewed your home insurance policy lately? We are in a unique environment where the market value of your home has likely increased substantially over the last few years. At the same time, we have also seen the price of materials and labor increase even more dramatically. Both factors suggest you may want to review your home insurance coverage.

When you purchase home insurance you make several decisions. One of those decisions is insuring for the replacement cost of your home or the market value/actual cash value of your home. We will explain the difference and the risks of each below and encourage you to reach out to your agent if you have not done so recently.

Replacement Cost coverage is meant to be the cost necessary to repair or rebuild your home. If you chose to insure for replacement cost, your insurance company will reimburse you up to the coverage limits you have selected for the cost to rebuild your home, based on the parameters of the home you lost. Even if you chose replacement cost but don't have an inflation rider, you could be at risk due to the dramatic increase in the price of materials and labor over the last few years. For example, it may have cost \$350,000 to rebuild your home in 2019 but if you have not increased that coverage amount since then, you may be underinsured due to the increase in price of materials and labor. Also, if you have added features to your home that increased the value, you would also want to notify your insurer to increase the coverage.

Market Value or Actual Cash Value coverage is the amount that a buyer would pay to purchase your home and the land on which it sits, in the current condition. Market value is influenced by factors outside of just materials and labor, such as location and the condition of your home. If you have elected market value coverage and lost your home to a fire, you could be at risk of being underinsured in our current environment. For example, if the market value of your home is \$350,000 and it costs \$450,000 to rebuild your home in our current environment, market value coverage may leave you with a significant gap in coverage. This actual cash value approach may also lead to undervaluing your personal property as it will be valued based on the worth today instead of what it would cost to buy something new to replace what was lost. A new sofa is a lot more expensive than one that is five years old!

Finally, both policy types will generally have dollar limitations around the amount of coverage they extend for more expensive items such as jewelry or collectibles. As you can see, there are several decisions and factors when it comes to insuring one of your largest assets. As part of our GEN financial planning process, we recommend you contact your insurance agent if you have not reviewed your coverage in the last year. As always, you can contact your advisor if you have any thoughts or questions.



GEN Children's Charity Golf Tournament



GEN Children's Charity has been hosting a charity golf outing every two years for over two decades. I would like to share my reasons for organizing the GEN Children's Charity events. As many of you may know, GEN is named for my children: Grace, Ellen, and Nicole. Raising a child takes significant resources. Many times, it takes more than any parent is capable of, either because the child has special needs or is not as fortunate to live in the type of situation many of us enjoy. GEN Children's Charity is my way of bringing awareness, resources, and quality people to the charitable organizations working to meet the needs of Minnesota's children in need.

GEN Children's Charity has previously supported many wonderful local charities. This year we are proud to partner with Metro Hope Ministries. Metro Hope provides Christian-centered sober living at both their men's and women's facilities. Their goal is to provide housing, education, programming, and healing to create sober, self-sufficient, confident individuals while allowing families to stay together.

Despite the relative wealth of the Twin Cities area, the need is as great here as in any other city. I am passionate about improving the lives of children in our area. It is an investment that will produce returns in our society for decades to come. There are still a few sponsorship opportunities available for this year's tournament in July, so please call our office if you would like further information.

-Eric Moleski, President & Founder, GEN Children's Charity

New Team Member

Taylor provides support to our Financial Advisors and is responsible for maintaining clients' financial plans. She works directly with clients to obtain the details required to prepare accurate plans and projections. In addition, she is a member of the investment committee and contributes to our investment research process.

Taylor grew up in northwest Iowa and graduated from The University of Iowa, Tippie College of Business with a BBA in Finance in 2019. After graduation she spent a few years working for a Fortune 500 financial planning company before coming to GEN. She also received her CRPC® in 2021.

Taylor lives in Minneapolis and enjoys being outdoors, traveling, gardening, and spending time with friends and family.



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We welcome your thoughts, comments and suggestions regarding our newsletter.
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