



# When Coverage Doesn't Keep Up With Inflation

The Importance of Reviewing Policy Benefit Limits With Inflation



When Roger and Giselle purchased a nice duplex and insured it for \$180,000 in 2011, they knew it could be the key to a secure future for their children. Having revisited their policy limits in 2018, they expected their investment to be safe. However, nothing could have prepared them for the loss that resulted from not insuring their property to its current value.

Giselle and Roger awoke at 3 a.m. on a stormy Wednesday to a panicked call from the two young women who were renters in their duplex, who said there'd been an emergency. After dropping their kids off with Giselle's sister, the couple raced across town, where they were greeted by emergency vehicles and a smoldering dwelling.

Lightning had struck the duplex sometime in the night, sparking a fire that spread through the attic until it breached the living spaces. Both tenants made it safely outside, but by the time the fire department arrived, the structure had suffered severe damage. Between the fire, smoke, and water damage, it was a near-total loss.

The tenants' renters insurance would help cover their costs for lodging and lost possessions, but what about Giselle and Roger? Once back home with their kids, the couple left a voicemail for their insurance agent, David, and did some research. They'd increased their policy limits to \$220,000 in 2018 but hadn't thought to revisit them for 2022. With recent inflation, the cost of building materials, labor, and other needed services had all skyrocketed. Giselle and Roger were no longer sure whether their coverage was enough.

David advised them of all applicable policy provisions and coverage limits that would be afforded under the current policy. The adjuster assigned to their claim worked to establish a scope and subsequent repair estimate, then informed Giselle and Roger to select a contractor and acquire competitive bids. When all estimates were completed, it was determined that costs to rebuild to pre-loss conditions were in excess of \$65,000 over applicable limits. This led them to make the business decision to pay out of pocket by acquiring a personal loan to bridge the gap.

In this ever-changing and uncertain environment of supply chain issues and increased costs for both material and labor, now is a great time to have a policy limit review to make sure your building is insured to value for the full restoration of the structure. This would have certainly been a benefit to Giselle and Roger, who could have avoided the potential impact on their financial future.

At Millers Mutual, we work closely with your agent to ensure you have the coverage and limits you need because we know your family depends on it. Visit [millersmutualgroup.com](https://millersmutualgroup.com) or call **800-745-4555** for more information.