



# SPOTLIGHT

Published for clients and friends of Namaksy-Zammito Insurance Agency, Inc. • Fall/Winter 2018

## Home insurance vs. home warranties: what's the difference?



You may have recently seen a home warranty company's TV commercial that asks, "Why pay for something that MAY happen when you know WHAT will happen?" This question seems to imply that you would be better off to buy less home insurance coverage or increase your home insurance deductible and put the savings toward a home warranty service. If this is the implication, it is a misleading one.

### What is a warranty?

Webster's dictionary definition: *A written guarantee given to the purchaser of a new appliance, automobile or other item by the manufacturer or dealer; usually specifying that the manufacturer will make any repairs or replace defective parts free of a charge for a period of time.*

### What is a home warranty?

In tune with the economic times and accelerating costs for parts and labor, dozens of new home warranty companies have emerged. They offer a wide variety of plans and coverage options.

Essentially, for an annual contract charge, these plans take over repair and replacement coverage on household items and systems when manufacturer or dealer warranties expire, or on household items and systems not previously covered by a warranty service agreement.

### What items and systems are covered?

Home warranty plans vary widely in their coverages and terms of agreement. But, generally speaking, most home warranty companies offer protection for major home systems: plumbing, air conditioning, electrical and heating; and for appliances such as water heaters, dishwashers, ovens, garbage disposals, and ceiling fans.

### Home insurance and warranties distinctly different

Homeowner insurance policies cover damages and theft to a home's structure and contents, and your personal items, including electronics, jewelry, clothing, furniture and décor. HO policies also include coverage for liability claims and temporary housing expenses in the event of a fire or natural disaster and during repairs. Home warranties cover just specific items and systems for repair or replacement. Importantly, a warranty DOES NOT repair or replace items that have been damaged due to disaster or misuse. Only those items listed in the terms of the agreement that fail due to normal wear and tear qualify.

*The Consumer Affairs website is a good place to visit for additional information about home warranty services, and reviews of several home warranty companies and their specialties.*

## Home Warranty FAQs

### How is repair work handled?

Most home warranty companies require the use of their designated service providers. Homeowners benefit because they are relieved from the burden of finding someone qualified to do the repair or replacement.

NOTE: You will NOT be reimbursed if do the repair work yourself, or if you hire your own contractor.

### What if I am not satisfied with the repair?

It is important to check a proposed contract for a satisfaction guarantee. Find out if the warranty company will assign a different contractor to do a "make-good" repair at no cost to you

### What about accidentally damaged or vandalized items?

Not covered. Only appliances that fail due to "normal wear and tear" qualify for repair or replacement.

### Will an appliance be replaced by the same kind?

Not necessarily. The rule for many companies is to replace an appliance with "one of like function." Every company is different. Each sets its own rules about which items they will and won't cover, and how much money they will provide for repairs or replacements. They set monetary limits.

## Test Your Insurance I.Q.

**Q.** Charles, I keep inventory in my garage for my home-based business. If I have a fire or theft will my homeowners policy cover the losses?

**A.** Yours is a question we get often. Most standard homeowners insurance policies either don't cover business property or provide very limited coverage. There are special business-in-the-home policies or you may want to look into buying a business owners policy (BOP). Call us for a review of your options.

We invite you to submit questions for this regular column. Email your questions to: [nzi@nziagency.com](mailto:nzi@nziagency.com).



## Behind the Scenes

By Charles Zammito, President

• **Drowsy driving is a deadly serious problem** (no pun intended). According to a 2016 AAA Foundation for Traffic Safety report, an estimated 1 in 5 fatal crashes involved a sleepy driver.

• **Heat with oil?** Now is a good time to see if your tank and piping are in good shape. Oil spills from leaks can be hazardous and expensive to clean up. If you have an older above ground or cellar tank, you may want to have it inspected by your fuel dealer. With an inspection approval, you may also qualify for oil tank insurance to provide protection you want against a catastrophic loss.

• **Buying a new car? Getting a new license plate number?** Make sure to update your E-ZPass number. It is necessary to

do, and easy to do. Just call or go online to EZDriveMA. Also, when you change your plate number (even if you have the same car) you need another safety inspection because the license plate number is attached to your inspection sticker.

• **Planning some home construction?** Make sure all your contractors have proper workers' comp and liability insurance. How? Ask them to show you a Certificate of Insurance from their insurance agent.

• **If you are a hunter and own guns, read on.** Standard homeowner policies provide insurance coverage for guns, but there is a valuation limit - a set amount of coverage if a gun or guns are stolen. You may want to consider adding a floater that provides more coverage. For more information, call us.

Pets are poor “backseat drivers!”

A recent survey by a pet accessories company indicated 60% of their customers had driven with their pets in the last month, and more than half indicated that they were distracted by those pets. Drivers should always make sure pets are restrained while in a vehicle. Loose, they cannot only cause steering problems, they can become a danger to the driver and passenger. A hard stop could turn them into a missile. Example: AAA says a ten-pound dog that’s not restrained can generate 500 pounds of force in a 50 mile per-hour crash.



Will you be on top of ice dams?

Every year we have homeowner clients who suffer severe losses from the water backups that result from ice damming at eave areas. Last winter’s heavy snowfalls made keeping roofs especially difficult. Here are some ideas for this winter. Step one this fall: clear your gutters of leaves or other debris. Icy clogged gutters are a common cause of pesky and expensive damages. Leaks can work their way into your walls and ceilings. Use a roof rake after every storm to remove snow accumulation before it melts and freezes into a dam. Many find snow and ice melt tablets effective. And many install electric heat cables at the lower roof line.



Your clothes dryer can turn into a serious fire hazard



Check your lint filter to make sure it is in place and in good shape. Clean the filter before and after each cycle (no exceptions). Check the venting system behind the dryer to make sure it is not damaged, crushed or restricted. Also, check the outdoor vent to assure that it opens when the dryer is operating. **Reminder:** The vent could become clogged by snow this winter – not good!

Practice candle safety during the holidays

The National Fire Protection Association reminds us that, unfortunately, careless use of candles is a leading cause of house fires. Always burn them within your sight. Never leave them unattended. Keep them out of the reach of young children and pets. Keep wicks trimmed to 1/8”. Make sure no one leaves matches, wick trimmings or other inflammables in a candle wax pool.

Did You Know?

On vacation or a day trip? Make sure your parked car has no valuables inside.



An article by AARP scams expert Doug Shadel in the Aug/Sept issue of the AARP magazine, called to attention a point about this theft risk: crooks often target cars when they are parked near a trailhead, the zoo, park-and-ride lots, parking garages, health clubs, ballfields or beaches. These are types of places where we go to enjoy our family vacations and weekend or day trips. Shadel’s advice is never keep valuables or personal information in your car; make sure your car is locked as a deterrent, but realize car doors and trunks aren’t secure even when locked.

Call or e-mail us anytime you have a question about your insurance or related insurance issues. That’s what we’re here for!

THANK YOU FOR REFERRING US TO A FRIEND!

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PRODUCTS & SERVICES NEWS FLASH

Live in an area with an aging infrastructure?

If you don’t have insurance coverage for sewer line breaks or backups, you may want to look into a low-cost addition to your standard homeowners policy. Please call us for information.



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