

INSURANCE FOR THE HOMESTEADER



After we built our house, we decided to insure it. So I began calling insurance companies and agents and gradually formed a general idea of how insurance works for very basic needs.

Insurance companies have classified homes into three types.

Type I is a relatively new or reconstructed older home; up to code in construction, wiring and plumbing, with a continuous foundation below frost-line (preferably a basement), central heating (electric, gas or oil), finished interior, etc.--in other words, a very conventional-type house. Insurance companies really like Type I a lot.

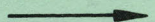
Type II is a new or old house of good construction. You heat with wood if you are safe about it, i.e., properly constructed chimney, wall and floor protection around the stove. Insurance companies aren't crazy about Type II, but some will insure you.

Type III is everything else, including old houses in various states of disrepair, funky construction, etc. Nobody wants Type III, but a few companies will handle them and be reasonable about it.

Some of us may have a hard time fitting exactly into one of the types, but the main reason I mention them is to give you an idea of how hard it might be for you to get reasonably priced insurance.

The first thing you should do is figure out which particular risks you want to insure against and for about how much. Remember that, generally speaking, an insurance company will not pay you any

more than actual cash value (cost new less depreciation) for any loss, regardless of how much you insure for. One exception is if you are Type I, you can get replacement cost insurance if you insure for at least 80% of the actual cost of your house new.



Some common risks to insure against include fire and lightning, wind, theft, vandalism, contents of home, living expenses (in case a disaster renders your home uninhabitable), insurance on outbuildings, and liability. (Liability insurance protects you if someone comes on your property, is injured, and sues you. The injured person can sue and win regardless of whether or not you were negligent.) Once you figure out what risks you want to insure, start calling insurance companies and agents for prices.

Now, basically, there are two types of policies you can get--the monoline and the homeowners. With the monoline you specify which risks you want to insure against and for how much. You are charged a certain rate for each coverage, and your premium is the total of all individual coverages.

With the homeowners, you buy a package of preset insurance coverages for one price. You take the package as it comes--you can't add or eliminate a particular coverage. However, a good agent can put together a wide variety of packages, so if you want homeowners, he can usually get pretty close to what you want.

Generally speaking, if you want complete coverage (i.e., for all types of risks), homeowners is probably your best deal. If you just want basic fire and/or wind, monoline is best. Anything in between could go either way.

To take an example: suppose you decide to insure your house for \$8,000 fire and wind, \$2,000 on contents, \$1,000 on outbuildings and \$100,000/1,000 liability (\$100,000 is the total damages your insurance will pay, \$1,000 the maximum medical payments per occurrence). A monoline would read like this:

fire	\$8000 @ \$5/1000	=	\$ 40.
wind	8000 @ .75/1000	=	6.
contents	2000 @ 5/1000	=	10.
outbuildings	1000 @ 5/1000	=	5.
liability	100,000/1000	=	45.
TOTAL PREMIUM			= \$106.

A homeowners policy for that coverage might come out like this:

fire	\$8000	
wind	8000	
contents	3000	
living expenses	1500	
outbuildings	2000	
theft and vandalism	4000	
liability	100,000/1000	TOTAL PREMIUM = \$103.

Notice that homeowners gives more coverage for more things for less money. Incidentally, homeowners is usually \$100 deductible. Monoline may or may not have a deductible clause.

At this point I should stress the importance of shopping around. We decided to insure for \$7,000 of fire and wind. We got prices that ranged from \$33 to over \$300. Why?

One reason is that some companies are run better than others, and don't insure many bad risks. Another reason applies to the more well-known, prestigious companies of international repute. They are very large, and after everyone takes their cut--the insurance agents and whatever employees and overhead they have; the regional office and their people and overhead; not to mention headquarters with their computer programmers, analysts, investigators, executives, etc., the

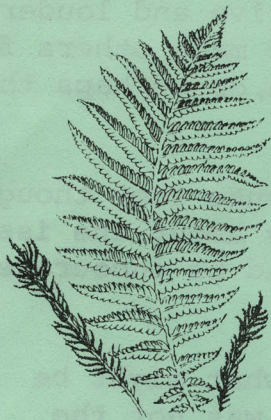
highest priced buildings in the prime locations of the elite business districts of the biggest cities--a large portion of the premium you pay goes to maintain all this. It costs them a lot just to write you up so they don't bother with small policies.

Also, fire insurance may vary by up to 40% depending on how far you are from the nearest fire department, and some companies will turn you down altogether depending on your inaccessibility. Also liability generally increases the more acreage you own (more exposure).

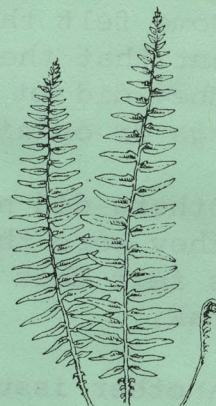
Adirondack Cooperative Insurance Company and St. Lawrence Farmers Insurance Company are two examples of local companies that serve the needs of the local people. Their overhead is small, so your premiums are based on what they have to pay out each year for claims. Also, independent insurance agents (e.g., Carl Colton of Canton) can get you insurance with similar companies as well as a wide variety of others.

If you have any questions, I probably can't answer them, but I would be interested in any comments or corrections.

-- Brian Lee



BOOK REVIEW



Fate has recently put in my hands Brown's Alcohol Motor Fuel Cookbook. It describes clearly yet informally, with pictures and diagrams, how to make alcohol from malted grains and other sources and how to adjust engines to use it.

The author, a professional in industrial arts and a specialist and lecturer on motor fuels, shows the reader how to make a still capable of producing 160 to 195 proof alcohol. This can be used exclusively in an engine designed to burn it. But it can't be used to stretch your supply of gasoline. There is a fairly simple process to remove the 2½% of water from alcohol which then can be used to make "gasohol."

Designs for simple moonshine stills, which produce a quart or so per batch, are given along with plans for doublers, columns, stripper plates--everything up to a complete distillery. The plans are far from complete for anyone having little to no experience in dealing with the materials involved. Stills can be dangerous if run improperly and safety is stressed in the designs and operating instructions.

Although there is a lot of folksy-type propaganda and inert filler, there seems to be enough solid factual information to get a start in making alcohol. The author briefly touches on the history of alcohol production, on building a solar still, and there is a long quoted passage from a 1906 work on distilling alcohol from molasses.

The book is informative and entertaining, and I just returned it to the Canton Library.

-- a shy person