

Draft: ~~January 17~~ March 10, 2008; Brenda Cude comments 4/11/08
Comments should be sent to Joe Bieniek

EDITORIAL NOTE: THIS IS A SHORT FORM – BROCHURE TYPE – VERSION.
A MORE DETAILED LONG FORM WILL BE DEVELOPED

B Cude comment: This reads like an outline to me. There are many parts where I don't think there are sufficient words to be useful to a consumer who truly needs this information.

A Consumer's Guide to Homeowners Insurance

Index

- Why you need insurance
- What the policy covers
- Questions you should ask the agent
- How the premium is determined
- ~~Questions you should ask the agent~~
- What to do before a claim occurs
- What to do regarding claims
- What to do if you can't find insurance

Comment [FaCS1]: So this isn't a buyer's guide? (And it clearly doesn't have much information in it that's relevant to buying.) Who is the target? Which consumers at what stage of the purchase/use?

Comment [FaCS2]: So this isn't relevant to renters or owners of condos? As a consumer, I would assume from the title that it's not.

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Why you need homeowners insurance

- To protect your assets
 - Homeowners insurance provides ~~covers~~ both your property coverage (~~coverage on for~~ your home and personal belongings) and your liability coverage (legal responsibility) for costs if someone has an (~~coverage for~~ accidents that happen to other people for which you are responsible, while at your home, for which you're legally responsible.).
- To satisfy your mortgage lender ~~If you have a mortgage, your lender might require it~~
 - Most mortgage lenders ~~loans require that you to continuously insure your home be continuously insured for the life of the mortgage. If you fail to maintain homeowners insurance~~ don't, your mortgage lender will likely have your home insured. The at a much higher cost ~~premium likely will be much higher (and the greatly reduced coverage much less) than a policy you would buy on your own. and will~~ The lender can require you to pay this higher premium until you get your own homeowners insurance again. ~~As part of your loan conditions, you may have promised to provide continuous insurance on your home for the life of the loan. If you break this promise, the lender can insure the home for you, however, the cost is much higher and the coverage is greatly reduced compared to a homeowners policy that you would buy yourself.~~

Comment [FaCS3]: Perhaps this IS just an outline. But if it is not, it should start with something that tells me why I should read this (how will I benefit if I do)? Why is this important? What can I expect to learn? It doesn't need to be long but it can't just start with the heading.

What ~~the~~ a homeowners insurance policy covers

A hHomeowners policy will ~~covers~~:

- Your house and other buildings on your property
 - Other buildings could include a shed, detached garage, etc.
- Your personal property inside your home
 - Furniture, clothing, appliances, etc.
- Personal liability coverage and medical payments coverage
 - If you are legally responsible, liability coverage ~~To pay~~ for injuries to other people while who are hurt on your property or in your home. Medical payments coverage, for which you are responsible
- Additional living expenses
 - To help pay for costs you might have in the event ~~if~~ you must rent a house or motel room to live in while your home is being repaired.

Comment [FaCS5]: This is a style issue but I think "etc." is wasted space. If there are other items to put in the list, let's add them. If the reader doesn't know what other items might go in the list, etc. doesn't help.

Comment [FaCS6]: Not parallel wording. The first sub-bullet was a complete sentence. The next one is a phrase.

Comment [FaCS7]: Not clear wording. I know it doesn't mean if I'm responsible for my home but it sounds like it. Not completely parallel to the explanation of liability just a few lines up -- and it feels repetitive to describe it again so soon without really adding anything.

If your home is insured on a replacement cost basis

- Most policies ~~say~~ require you to ~~must~~ replace the property to be eligible for replacement cost coverage
- Typically, extended replacement coverage for the structure limits recovery to 120%-125% of the insured value of the home

Comment [FaCS8]: Finish this out

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Typical things not covered by ~~What~~ a homeowners policy usually doesn't cover:

- Flood

Comment [FaCS9]: I still wouldn't know what replacement cost basis is after reading this and don't know why it would go in this section.

- Earthquake
- Sewer Backup
- Identity Theft

~~Some of these things can be covered by purchasing~~ You may be able to buy a separate policy to cover some or all of the events your homeowners policy doesn't cover. Or you may be able to pay extra to add coverage to your policy, ~~or paying additional money;~~ Be sure to ask your insurance producer/agent about things excluded in what your policy doesn't cover (the exclusions).

Comment [FaCS10]: I think this section should be combined with the section on the next page that discusses what is or isn't covered by a policy. That list is more complete.

Questions you should ask the agent

- Is the agent licensed by the state insurance department?
- Is the insurance company licensed by the insurance department?
- How long has the insurance company been in business?
 - ~~The answers to the above questions can be elaborated by~~ your state insurance department can confirm the agent's answers.
- What does your policy cover?

Comment [FaCS11]: When? Before I buy? Some of these are questions for before and some are after.

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~~Many policies exclude coverage for damage related to you for, (wind, hail, an earthquake, landslide, mudslide, flood, fire, sewer backup, or mold.~~

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~~—Policies also may limit coverage for some items, such as jewelry, guns, antiques, computers, electronics, or for etc.?)~~

Comment [FaCS12]: I would have made these two bulleted items but I couldn't!

~~Are there any limitations or exclusions in the policy?~~

~~Mold~~

~~Limited coverage for jewelry, guns, antiques, etc.~~

~~Exclusions for flood, earthquake, landslide, mudslide, sewer back up, etc.~~

~~Limitations for ordinance or law coverage – particularly for older homes.~~

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- Policies may exclude coverage for items the company considers high risk. For example, if you own a dog or a certain breed of dog, will dog bites be covered. The policy may cover accidents related to a swimming pool only if it is fenced. A homeowners policy may not cover any claims if you operate a business from your home.?

Comment [FaCS13]: I don't know what this means.

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~~—Are certain breeds of dogs not covered?~~

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~~If you have a swimming pool, do you have to fence it before accidents will be covered?~~

~~—Can you operate a business out of your home?~~

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- If you're ~~are purchasing~~ buying a house, how can I learn ~~obtain~~ the claims history of the house?

Comment [FaCS14]: Why would I want to know that? (I know but the reader won't.)

- If I submit a claim, how will it affect my renewal premium?

Comment [FaCS15]: This just doesn't seem to fit in this list. Perhaps the questions could be grouped -- before I buy -- if I have a claim, etc.

How the premium is determined

Many factors will determine the premium you will pay. Different insurance companies may charge different premiums for similar coverage. ~~The premium you pay depends on the company you pick, Be sure to shop around; obtaining~~ getting three or more comparison quotes is worthwhile ~~might be helpful.~~

Be prepared to give provide your agent with information about on the following items that are commonly used to determine your premium Agents might ask additional information: Some of the items determining your premium include:

- The construction of your home
 - ~~brick or wood~~ Whether your home is made of brick or wood
 - The distance from your home ~~is~~ to a fire hydrant or fire department
 - The age of your house
 - Number of feet to fire hydrant and miles to the responding fire department
 - How much you insure your home for and how much liability insurance you ~~purchase~~ buy
- The type of property coverage you purchase
 - Dwelling fire allows you to pick the coverages you need
 - A homeowners policy provides package options for named perils coverage (a loss type named in the policy such as fire, lightning, etc.) or broad form coverage (provides for all losses except those that are specifically listed in the policy)
- Whether the building value is insured on a replacement cost basis
 - Most policies say you must replace the property to be eligible for replacement cost coverage
 - Typically, extended replacement coverage for the structure limits recovery to 120% - 125% of the insured value of the home
- The deductible
- Whether you also insure your auto with the same insurance company
 - A higher deductible will lower your insurance costs
 - A separate deductible might apply for wind and hail damage compared to a deductible for any other cause of loss such as a fire
- Your credit rating score history – the agent may ask you for your Social Security Number
- Whether you currently have insurance
- Your previous claims history and the claims history of the house
 - a good credit rating will result in lower insurance costs
- Operating a business from your home
- Operating a day care business from your home
- Whether you presently have insurance
- The age of your house
- Your Previous previous claims history and the claims history of the house
- The type of pet you have. Some insurance companies will not write a policy for you if you have certain types of dogs.
- If you have a swimming pool or trampoline
- Insuring your auto and home in the same insurance company may reduce the premium
- Protection devices
 - Having protection devices such as smoke detectors, a burglar alarm, sprinkler systems, etc.
- Having a Wood heating source

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Comment [FaCS16]: It would be helpful to know which items increase my premium.

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Comment [FaCS17]: Any type? Or specifically homeowners insurance?

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Comment [FaCS18]: Any type or just homeowners insurance?

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- ~~W~~ wood furnace, wood stove, or an outside wood stove
- Operating a business from your home
- Operating a day care business from your home

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Comment [FaCS19]: These should be reordered so they're grouped -- about the house, about the policy, about you, about your use of the home. I took a stab at it.

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Questions you should ask the agent

- Is the insurance producer licensed by the state insurance department?
- Is the insurance company licensed by the insurance department?
- How long has the insurance company been in business?
 - These above questions can be answered by your state insurance department
- What does your policy cover you for, (wind, hail, earthquake, flood, fire, sewer backup, etc.?)
- Are there any limitations or exclusions in the policy?
 - Limited coverage for jewelry, guns, antiques, etc.
 - Exclusions for flood, earthquake, sewer back-up, etc.
 - Limitations for ordinance or law coverage — particularly for older homes
- If you own a dog, will dog bites be covered?
 - Are certain breeds of dogs not covered?
- If you have a swimming pool, do you have to fence it before accidents will be covered?
- Can you operate a business out of your home?

What to do before a claim occurs

- Pay your premium on timely and in full. Most insurers don't offer a grace period for paying the premium — the due date IS the due date!
- **Complete an inventory list:**
 - Go through each room in your home and take pictures or videos of everything in the room. Do the same for any other structures on your property.
 - Write down anything that is extraordinary, such as, antiques, high dollar expensive electronic or computer—stereo equipment, high dollar expensive jewelry items, and guns, guns, etc. Ask your agent if your policy covers each of these items.
 - Store ~~the~~ inventory data in a secure place away from the home, like a bank vault at another location such as at your work, place in or a safe deposit box or at a relative's house.
 - Annually review your inventory information—and update your pictures/video, especially when you buy or are given new items, are purchased
 - Keep receipts for all repairs and new items purchased with your inventory information for “proof” in-if you must file the event of a claim
- **Maintain your home:**
 - A homeowners policy is not isn't a maintenance contract; it insures against things like events such as fire, wind and hail. It does not doesn't pay to repair things that simply wear out, like such as rotted porch railings. You are responsible for repairing or replacing items as needed. For example,

Comment [FaCS20]: This is an odd heading and one that the thousands (millions) of homeowners who have never and will never file a claim can't relate to.

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~~it's your responsibility to keep your home in good repair by fixing things that wear out, like replacing~~ your roof when it begins to leak or annually cleaning the flue so it doesn't catch fire.

What to do regarding claims

Comment [FaCS21]: The headings aren't parallel.

- Call the insurance company and speak to the claims person (adjuster)
 - The adjuster will probably want to meet with you at your house to inspect the damage.
 - ~~Get down~~Take notes, ~~including and keep track of the~~ dates of any conversations you have with your agent or adjuster and the names of your contacts.
- ~~You are required to~~ Protect your home ~~from further damage from further damage.~~
 - ~~To prevent further damage you may need to~~This might include boarding up your home, ~~or cover areas with using tarps, or if there was damage to the building, or~~ cleaning up water from a backed up drain.
- Document your loss. Take pictures and keep receipts.
- Don't ~~feel rushed or pushed into~~ agreeing to anything if you're ~~with something you are~~ not comfortable ~~with it.~~ with
 - Don't feel rushed or pressured to agree. It might help to have your contractor meet with you and the insurance adjuster
- ~~You will need to prove up~~document your loss; ~~having receipts/pictures will help~~
- Most policies have an appraisal condition that can be used to resolve disputes
- If you have trouble or questions, contact your state insurance department for assistance

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Comment [FaCS22]: I don't know what this means.

Comment [FaCS23]: With claims?

What to do if you can't find insurance

- <Insert state specific fair plan information>
- <Insert state department of insurance telephone and/or website information>
- <Insert state specific wind pool or other residual market mechanism information>

Additional reference material

- <Insert state department of insurance website information (~~this anticipates for~~ the long version ~~will be available here~~)of the consumer's guide>
- <Insert state department of insurance telephone and/or website information>
- <If applicable, insert state department of insurance website information for consumer rights information>
- <If applicable, insert state department of insurance website information for premium comparisons>
- The National Association of Insurance Commissioners (NAIC) website for Consumers http://www.naic.org/consumer_home.htm

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