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

A Consumer's Guide to Homeowners Insurance

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Why you need insurance

Homeowners insurance can be an expensive purchase for many people. This guide provides information on how to make decisions when buying homeowners insurance so you know that you have a choice in coverages and to know that prices will differ between insurance companies.

- To protect your assets
 - Homeowners insurance covers both your property coverage and your liability (legal responsibility) for costs if someone has an accident at your home.
- To satisfy your mortgage lender
 - Most mortgage lenders require you to continuously insure your home for the life of the mortgage and to list them as mortgagee on the policy. If you don't, your mortgage lender will likely have your home insured. The premium likely will be much higher (and the coverage much less) than a policy you would buy on your own. The lender can require you to pay this higher premium until you get your own homeowners insurance again.

What the policy covers

A homeowners policy covers such things as:

- 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 pays for injuries to people who are hurt on your property or in your home
 - Medical payments coverage
- Additional living expenses
 - To help pay for costs you might have if you must rent a house or motel room to live in while your home is being repaired.

If your home is insured on a replacement cost basis

- Most policies require you to 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

What the policy does not cover

What a homeowners policy usually does not cover:

- Flood
- Earthquake, landslide, mudslide
- Sewer Backup
- Identity Theft

What a homeowners policy usually limits in the policy:

- Mold
- Jewelry, guns, antiques, etc.
- Ordinance or law coverage – particularly for older homes

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

You may be able to buy a separate policy to cover some or all of the events your homeowners policy does not cover. Or you may be able to pay extra to add coverage to your policy. Be sure to ask your agent what your policy doesn't cover (the exclusions).

Questions you should ask the agent

- Are you and the insurance company licensed by the state insurance department?
- How long have you and the insurance company been licensed by the insurance department?
- How long has the insurance company been in business?
 - The answers to the above questions can be corroborated by your state insurance department
- If buying a home, how can the claims history of the house be obtained?
- If you submit a claim how will it affect the renewal premium?
- What discounts are available?

How the premium is determined

Many factors will determine the premium you will pay. Different insurance companies may charge different premiums for similar coverage. Shop around; getting three or more comparison quotes is worthwhile. Check your state insurance department's website to see if they have an online premium comparison guide to help you in comparing premiums.

Be prepared to give your agent information about the following items that are commonly used to determine your premium:

- Whether your home is made of brick or wood
- The distance from your home to a fire hydrant or fire department
- The age of your house
- How much insurance do I need?
 - Consider the cost to rebuild your home but not the cost for the land
 - Consider how much liability insurance you want to purchase
 - Consider how much of a deductible you want
- Whether you also insure your auto with the same insurance company
- Your credit score – the agent may ask you for your Social Security Number
- Whether you currently have homeowners insurance

- Your previous claims history such as fire or theft or liability
- The claims history of the house such as water damage or roof damage
- The type of pet you have; some insurance companies will not write a policy for you if you have certain types of dogs.
- Whether you have a swimming pool or trampoline
- Having protection devices such as smoke detectors, a burglar alarm, sprinkler systems, etc.
- Having a wood furnace, wood stove, or an outside wood stove
- Operating a business from your home such as day care or other business

Action items for homeowners

- **Pay the requested premium on time. 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 and take pictures or videos of everything in the room.
 - Write down anything that is extraordinary, such as, antiques, high dollar stereo equipment, high dollar jewelry items, guns, etc.
 - Store the inventory data in a secure place at another location such as at your work-place or a safe deposit box or a relative's house.
 - Annually review your inventory information and update your pictures/video, especially when new items are purchased.
 - Keep receipts for all repairs and new items purchased with your inventory information for "proof" in the event of a claim.
- **Maintain your home:**
 - A homeowners policy is not a maintenance contract; it insures against things like fire, wind and hail. It does not pay to repair things that simply wear out, like rotted porch railings. You are responsible 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.

Making a claim

- 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.
 - Jot down notes and keep track of the dates of any conversations you have with your agent or adjuster.
- You are required to protect your home from further damage
 - This might include boarding up your home or using tarps if there was damage to the building, or cleaning up water from a backed up drain.
- Don't feel rushed or pushed into agreeing with something you are not comfortable with
 - It might help to have your contractor meet with you and the insurance adjuster.

- You will need to 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 on claims, contact your state insurance department for assistance

What to do if you can't find insurance

- <Insert state specific fair plan information>
- <Insert state specific wind pool or other residual market mechanism information or market assistant program>

Additional reference material

- Go to your state department of insurance website for:
 - <Insert state department of insurance website information for the long version of the consumer's guide>
 - <If applicable, insert consumer rights information>
 - <If applicable, insert premium comparisons>
 - <Insert complaint handling>
- The National Association of Insurance Commissioners (NAIC) website for Consumers http://www.naic.org/consumer_home.htm