

Focus on Homeowners' Insurance

Whether you are a homeowner or renter, home insurance offers important protection. For homeowners, insurance protects your home's physical structure as well as your personal property. In contrast, renters insurance only protects your personal property. Never assume that the landlord's insurance covers you or your belongings. Landlord's insurance only protects the building. Everyone – homeowners and renters – needs protection against liability for accidents that injure other people or damage their property. Below are explanations about homeowners' insurance coverage and the different types of protection it can provide:

- **Damage to House.** Covers damages to the house itself up to the face amount of the policy.
- **Other Structures.** Covers damage to other structures or buildings, such as a detached garage, work shed or fencing.
- **Personal Property.** Covers damage to – or loss of – personal property. Personal property includes household contents and other belongings used, owned or worn by you and your family. Be aware that certain personal property items like jewelry, antiques and artwork may need special added coverage.
- **Additional Living Expenses.** Covers the necessary living expenses, up to the stated limit, incurred by the insured to continue, as nearly as possible, the normal standard of living when the house cannot be occupied due to a covered loss.
- **Comprehensive Personal Liability.** Protects you against claims arising from accidents to others on property that you own or rent. With a few exceptions, such as auto or boating accidents, it is an all-purpose liability coverage that follows you wherever you go.
- **Medical Expenses.** Covers medical expenses, but is limited to an amount per person and per accident for injuries occurring on your premises to persons other than an insured. It also may cover medical expenses away from your premises if caused by you, a member of your family, or your pets.

You have the option to insure your home and belongings for either replacement cost or actual cash value. Actual cash value is the amount it would take to repair or replace damage to your home *after* depreciation.

Replacement cost is the amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality, *without deducting for depreciation*. A good rule of thumb is to insure your home for at least 80 percent of its replacement value, recognizing that in most instances, the value of the land doesn't need to be included.

Be aware that coverage for damage caused by flooding is NOT included in your homeowner's policy. If you live in an area prone to flooding from any cause – for example, hurricanes, rivers or streams overflowing – be sure to inquire about purchasing flood insurance, which is available through the federal government's National Flood Insurance Program (NFIP).

Here's an important tip: It's a good idea to make an inventory of all of your personal property, along with a photograph or video of each room. Also, save your receipts for major items and keep them in a safe place away from your house or apartment. That will make it easier if you ever need to file a claim.

Your home insurance premiums are affected by a number of factors, for example:

- Your home's specific characteristics are important...
 - Its age. Older homes typically cost more to insure.
 - Its type of structure, for example, brick, frame, stone or synthetic siding
 - Its wiring
 - Its roof
 - Whether it has a garage
- Your home's location also has an impact on your premiums. For example...
 - Its proximity to a fire station
 - Its exposure to extreme weather or natural occurrences – hurricanes, tornados, hail storms or earthquakes
 - Whether it's in a neighborhood that's more prone to theft than others
- Protective devices can also make a difference. For example...
 - Burglar alarm systems
 - Smoke detectors
 - Fire extinguishers
 - Sprinkler systems
 - Dead bolt locks

Having these items throughout your home definitely helps lower your premiums. And, of course, they also greatly help reduce potential damage and injuries.

- There are some personal characteristics that affect insurance premiums:
 - If you are a smoker consider lifestyle changes as non-smokers might pay less for homeowners insurance than smokers.
 - And remember, it's important to maintain a good credit history because many insurance companies use credit history to determine how much they charge you for insurance.
- Your previous claim history has a big impact on your premiums. Consider not putting in claims for smaller amounts/events to avoid being tagged for a premium increase. You may want to consider a higher deductible if you are unlikely to file a claim for a loss that is less than \$500 or even a \$1000.