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Understanding Your Home Owners Insurance Policy

When obtaining home insurance, it is important to understand what you are getting when you purchase a home owner insurance policy. Some people decide to buy insurance online by using popular online insurance quote websites and some stay with a local agent. Whatever choice you make, knowing and understanding your home insurance policy coverages is important.

A Home Owners Insurance Policy is designed to protect home owners against certain perils. There is usually a deductible when filing a home insurance claim unless noted. Individual home insurance policies are determined by named perils and exclusions in a policy. Consult your agent or insurance company regarding any exceptions that may apply.

Whether you buy your home owners insurance policy, the typical homeowners' insurance policy is divided into 2 parts:

- Part I: Home Insurance Property Protection
- Part II: Home Insurance Liability Protection

If one was to look at a home insurance declarations page, which is usually the first page in a homeowner's insurance policy, they would see Part I: Property Protection. This protection is usually broken down into four additional sections:

- A. Dwelling
- B. Other Structures
- C. Personal Property
- D. Loss of Use

Coverage **A. Dwelling** typically covers your house, attached structures, fixtures in the house such as built-in appliances, plumbing, heating, permanently installed air conditioning systems, and electrical wiring.

Coverage **B. Other Structures** typically covers detached structures such as garages, storage sheds, and fixtures attached to the land including fences, driveways, sidewalks, patios, and retaining walls. Detached structures used for business purposes are not covered under a personal home owners insurance policy.

Coverage **C. Personal Property** typically covers personal property including the contents of your home and other personal items owned by you or family members who live with you. This protection can be based on actual cash value or replacement cost. Home insurance policies may provide limited coverage for small boats, however, most home insurance policies do not cover motorized vehicles unless they are unlicensed and used only at your home. Some items may



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have coverage limits such as firearms, artwork, business property, electronic data, jewelry, and money. Extra coverage is usually available by adding endorsements to your policy.

Coverage **D. Loss of Use** typically covers living expenses over and above your normal living expenses if you cannot live in your home while repairs are being made or if you are denied access by government order.

There are also **Additional Property Coverages** home owners insurance policies may provide such as the removal of debris along with damaged trees and shrubs, fire-department service charges, property removal, theft or illegal use of credit or transfer cards, collapse of buildings, and glass breakage if caused by a covered perils.

Endorsements can (and should) also be added to your home owner insurance policy at an additional cost to provide extra protection. Examples of endorsements include:

- **Guaranteed replacement cost coverage** will pay the cost to rebuild your home as long as you have met the requirements of your home insurance policy.
- **Extended replacement cost coverage** insures your home for a specific value and usually adds a 20-25% extended limit if reconstruction costs run over.
- **Inflation Guard** increases the amount of your home owner insurance to keep up with inflation so that you can maintain adequate coverage to replace your home in the event of a loss.
- **Scheduled personal property** protects articles such as jewelry, furs, stamps, coins, guns, computers, antiques, and other items that often exceed normal policy limits in your regular home owners insurance policy. It often provides coverage that is broader than the coverage in the home insurance policy. There normally is not a deductible for this coverage. Increased limits on money and securities provide additional coverage for money, bank notes, securities, and deeds.
- **Secondary residence** provides protection for a second home such as a summer residence.
- **Theft coverage protection** broadens the theft coverage to include personal contents in your motor vehicle, trailer or watercraft to be covered without proof of forcible entry.
- **Credit card forgery and depositor's forgery coverage** provides protection against loss, theft or unauthorized use of credit cards. It also covers forgery of any check, draft, or promissory note. No deductible applies to this endorsement.



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If one was to look again at their home owners insurance declaration page, which is usually the first page of the home owners insurance policy, in addition to the Property Coverages section they would also see another section listed as Liability Coverages. The Liability Coverages section is broken down into two parts:

- E. Home Insurance Personal Liability
- F. Home Insurance Medical Payments

The **Personal Liability** section provides personal liability coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities anywhere. This home owner insurance coverage does not provide protection for auto and business related incidents. This coverage protects you and all family members who live with you.

The **Medical Payments** section includes coverage to pay medical expenses for persons accidentally injured on your property regardless of fault. Medical expense payments do not apply to your injuries or those of family members living with you or to activities involving your at home business.

As with every home owners insurance policy there are exclusions. A typical home owners insurance policy does not cover injuries to animals, damage to motor vehicles, aircraft, and parts. Nor do they typically cover losses due to floods, mudslides, water damage from sewer backups, damage resulting from war or nuclear hazard, neglect, earthquakes, power failures, seepage, dry rot, or vermin.

All home owners insurance policies have different covered perils and exclusions so one will want to make sure to check with their home insurance company to verify all coverages for their individual policy.

Nothing replaces the consultative advice of a professional insurance agent. Everyone's situation is never the same. The above summary is common coverage and explanation approach of typical coverage. Only a KW Insurance agency professional can help assist what additional coverage is right for you.

Please do not hesitate to contact one of our consummate professionals to review and discuss your options. We welcome any opportunity to discuss all your insurance needs.