

Homeowners Insurance



- Why you may need homeowners insurance
- What it covers
- How to read a policy
- Worksheets for shopping
- How to protect against a lawsuit
- How the value of your belongings is calculated

Jay Nixon
Governor



DIFP
Department of Insurance,
Financial Institutions &
Professional Registration

John M. Huff
Director

Inside



- 3 | Your home is valuable to you. But what if ...
- 4 | Homeowners basics
- 5 | What's not covered by homeowners insurance
- 6 | Shop around: Target your coverage
- 7 | Don't be shy: Questions to ask when shopping for insurance
- 8 | Understanding your declarations page
- 9 | Replacing your belongings:
actual cash value vs. replacement cost
- 10 | Preparing a home inventory
- 11 | Protecting against lawsuits

Need help? Contact us:

800-726-7390
insurance.mo.gov

or

Scan the
QR code





Your home is valuable to you.

But what if ...

- ▶ Your home is damaged by a fire or storm?
- ▶ Your home is robbed?
- ▶ A guest is injured in your home?

Do you have the funds to rebuild or replace everything that was damaged or stolen? **Insurance can protect you from such unpredictable events.**

Buying homeowners insurance

The Missouri Department of Insurance has tools on its website to help you:

- ▶ Search for companies that sell homeowners insurance in your area.
- ▶ Review frequently asked questions about homeowners insurance.
- ▶ Search for a licensed agent or agency near you.
- ▶ Review consumer complaint history for insurance companies.

Review coverage



Review your policy **annually** to make sure you have enough coverage. You don't want to be underinsured if disaster strikes.



Log on to insurance.mo.gov to find out more

Homeowners basics

Homeowners insurance protects you from the unexpected burden of paying to rebuild your home should disaster strike. It also helps pay:

- ▶ Cost of personal property if it's damaged or stolen.
- ▶ Additional living expenses – such as a hotel – while your home is being rebuilt.
- ▶ Medical bills, up to a limit, if a guest is injured on your property.

THE



OF HOMEOWNERS INSURANCE



Compare prices of homeowners insurance from different insurance companies every two years.

HOMEOWNERS INSURANCE

What is covered:

- ▶ Fire & smoke
- ▶ Windstorm & hail
- ▶ Lightning
- ▶ Vandalism & theft
- ▶ Weight of ice, snow or sleet
- ▶ Damage from car



What is not covered:

- ▶ Flood
- ▶ Earthquake
- ▶ Sewer & drain backup
- ▶ Normal wear & tear
- ▶ Cars parked on your property

Can't find a company to insure you?



Contact the Missouri Fair Plan:

800-392-7240 or
missourifairplan.com

The Missouri legislature created the program to provide insurance to property owners unable to find coverage from private insurance companies.

Speak Up

Take time to go over the details of your policy with your agent. If you think you need more coverage, tell your agent.



What's not covered by homeowners insurance

The right homeowners insurance coverage can bring peace of mind. However, there are a few things that do not fall under the standard policy, including:

- ▶ Flood damage
- ▶ Earthquake damage

You will need a separate policy to cover this type of damage.



Add it on

If you own expensive items or have a sump pump in your home, you may need extra coverage on your policy to ensure that your home is better protected. Here is coverage (called a rider or endorsement) you can add to your homeowners policy:

Sewer and drain backup

This covers damage caused by water backup from drains, sewers or sump pumps.

Jewelry, antiques, firearms

Expensive items need additional coverage. You may want to get them appraised for their value.

Home-based business

If you have a home business, this ensures your business items are better protected.



Parents of college students:

If your child lives on campus, your homeowners policy may cover his or her belongings.



You will be responsible for the policy deductible if you have a claim. A higher deductible can save you money on premiums.



Shop around:

Target your coverage



Missouri has a highly competitive insurance market. Use this worksheet to compare offers from insurance companies.

Homeowners policy coverage amount			
Fill in company name (above) & cost (below) to compare policies			
Dwelling limits	\$	\$	\$
Personal property limits	\$	\$	\$
Liability protection (each occurrence)	\$	\$	\$
Guest medical (per person)	\$	\$	\$
Damage to property of others	\$	\$	\$
Optional coverage (ask your agent)			
Replacement coverage	\$	\$	\$
Sewer and drain backup	\$	\$	\$
Jewelry and firearms	\$	\$	\$
Art, collectibles and antiques	\$	\$	\$
Additional policies			
Flood	\$	\$	\$
Earthquake	\$	\$	\$
Personal umbrella	\$	\$	\$
Annual premium	\$	\$	\$
Deductible	\$	\$	\$

Don't be shy: Ask your insurance agent about your coverage options.

Can you review the different homeowners policies?

Which one is right for me? _____

What does this policy cover?

What is not covered?

Do I have enough insurance to rebuild my home? _____

If my home is damaged by fire, will it be rebuilt the way it was before the damage occurred? _____

Does this policy give me replacement cost or actual cash value coverage? _____

Will my coverage limits increase over time or will I have to adjust them periodically? _____

Does this policy cover water damage, including damage from sewer, drain or sump pump backup? _____

Do I need flood and earthquake insurance? What is the cost? _____

Do I have enough coverage to replace all of my belongings? _____

How much will my premium be? _____

How much can I save by increasing my deductible? _____

What discounts are available? _____

Are there any improvements I can make to lower my premium? _____

How do I file a claim? _____

Understanding your declarations page

A declarations page provides specific policy details. Know how to read this page to better understand your coverage.

1 Policy limits: The most you will be paid for claim

2 Policy period: When coverage begins & ends

3 Deductible: What you must pay if you have a claim

Your Insurance Company

3535 Second St.
Company Town, USA 54321

Policy number XX-XXXXXX-XX

2 Policy period: 12 months
Effective date: May 1, 2012
Expiration date: May 1, 2013

Homeowners Policy <SAMPLE>

Automatic renewal: If policy period is shown as 12 months, this policy will be renewed automatically subject to premiums, rules and forms in effect for each succeeding policy period. If policy is terminated, we will give you and Mortgagee/Lienholder written notice in compliance with policy provisions or as required by law.

Coverages & property	Liability limits
SECTION I	
A Dwelling	\$250,000
Dwelling extension (garage)	\$30,000
B Personal property	\$150,000
C Loss of use	Actual loss sustained
SECTION II	
L Personal liability (each occurrence)	\$300,000
Damage to property of others	\$1,000
M Medical payments to others (each person)	\$2,000

Loss of settlement provisions (see policy)

A1: Replacement cost – Similar construction
B1: Limited replacement cost – Coverage B

Forms, options and endorsements

Homeowners policy	XX-XXXX
Homeowners policy endorsement	XX-XXXX
Earthquake excl. masonry veneer	XX-XXXX
Sewer, water backup \$10,000/\$500 deduc.	XX-XXXX
Increase dwelling up to \$50,000	Option XX
Jewelry and furs \$2,000 each	Option YY

Inflation coverage index XXX.X

Deductibles – Section I

Earthquake	10%
Other losses	\$500

In case of loss under this policy, the deductible will be applied per occurrence and will be deducted from the amount of loss. Other deductibles may apply – refer to your policy.

4 Policy premium \$1,000

Earthquake premium (included)

Discounts applied

Home/Auto
Home protection (burglar and fire alarms, smoke detectors)
Claim record/Customer longevity
Age of customer

Your policy consists of this page, any endorsements and the policy form. Keep together.

6 Extra coverage: Can be added for more protection

5 Discounts: Number of discounts applied to policy

4 Total premium: Your cost for policy period

Replacing your belongings

Actual cash value

The amount needed to repair or replace your belongings, minus depreciation. Depreciation is the decrease in value of property because of age or use.

vs.

Replacement cost

The amount needed to replace an item at today's price.

Will the insurance company always pay the personal property limit shown on your policy?



No. The policy limit is the **most** the company will pay.

HOUSEHOLD BELONGINGS

ACV vs. Replacement cost

(Most companies follow this formula)

How replacement cost works: An insurance company will first pay you the ACV of an item. Once the item is replaced and receipt submitted, the company will then settle up with you.

	Actual cash value		Depreciation		Replacement cost
 Television (1 year old)	\$640	+	\$160 (20%)	=	\$800
 Leather couch (10 years old)	\$1,120	+	\$1,680 (60%)	=	\$2,800



Replacement cost coverage may increase your premium.

Preparing a home inventory

A home inventory is a list of all your belongings – from socks to computers to furniture. If your personal property is damaged or stolen, having an inventory makes filing a claim with your insurance company much easier – you may even get a larger payment because your list will be more comprehensive.

Check it off: Tips to make your home inventory more useful

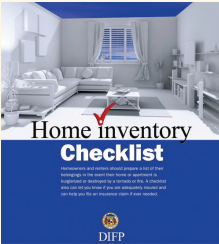
- ▶ Record specific details such as the serial numbers for electronic items and appliances.
- ▶ Photograph or videotape valuable items and attach them to your checklist.
- ▶ Update your inventory annually and when you make large purchases.



Download an inventory

The department's website offers three options:

Our book



Order or download from our website.

iPhone



Android



Scan the QR codes to download a home inventory app on your smartphone. Or go to Apple's App Store or Google Play Store.

Lock it down

Keep your home inventory in a safe, fire-proof box, or store it at the home of a family member or friend. For electronic versions, email them to yourself.



Check with us to make sure your agent is licensed in Missouri.

Protecting against lawsuits

Accidents happen

Homeowners insurance gives you the protection you need in case someone is injured on your property.

It also protects you from:

- ▶ Lawsuits against you or your family members.
- ▶ Damage or injury your pets cause to others.



Protect everything else, even while away from home



Homeowners insurance covers your possessions even if they are damaged or stolen while off site – such as in a car.

Contact us

For more information on other types of insurance, including:

- ▶ Auto
- ▶ Life
- ▶ Health
- ▶ Business



Talk to your agent about increasing your liability limits for more protection.



Insurance Consumer HOTLINE

If you have questions about your insurance policy,
to file a complaint or to verify the license of an
insurance company or agent, contact us:

800-726-7390
insurance.mo.gov



DIFP

Department of Insurance,
Financial Institutions &
Professional Registration

REVISED APRIL 2012