

HOMEOWNERS INSURANCE

~ TOPICS ~

- History
- Policy Format
- The HO-3 Policy



HOMEOWNERS FORMS

- **Forms Covering Dwelling & Personal Property**
 - HO-2: Broad Form
 - HO-3: Special Form
 - HO-5: Comprehensive Form
 - HO-8: Modified Coverage Form
- **Forms That Primarily Cover Personal Property**
 - HO-4: Tenants Form
 - HO-6: Unit-Owners Form

POLICY FORMAT

SECTION I: PROPERTY

- Coverage **A**: Dwelling
- Coverage **B**: Other Structures
- Coverage **C**: Personal Property
- Coverage **D**: Loss of Use
- Section I Additional Coverages

SECTION II: LIABILITY

- Coverage **E**: Personal Liability
- Coverage **F**: Medical Payments to Others
- Section II Additional Coverages

COMPARISON OF ISO FORMS

- **Section II: Liability is the same under all forms!**
- **Differences in Policy Structure**
 - HO-4 (Tenants) provides no coverage for Dwelling & Other Structures
 - HO-6 (Unit-Owners) combines coverage for Dwelling & Other Structures
- **Differences in Covered Perils**
 - All forms except HO-3 & HO-5 provide only named-peril coverage
 - the set of named perils is identical in HO-2, HO-4 & HO-6 (more limited in HO-8)
 - The HO-3 provides open-peril coverage on Dwelling & Other Structures and named-peril coverage on Personal Property (same as in HO-2,4,6).
 - The HO-5 provides open-peril coverage on Dwelling, Other Structures, & Personal Property.

IMPORTANT POLICY DEFINITIONS

DEFINITIONS OF PERSONS

- **“Insured” (Section I)**
 - you
 - resident relatives
 - other residents under age 21 in the care of one of the above
 - a full-time student (as defined by the school) who was a resident of your household before moving out to attend school and is:
 - under age 24 (if your relative) or
 - under age 21 (if in the care of you or a resident relative)

IMPORTANT POLICY DEFINITIONS

DEFINITIONS OF LOCATIONS

■ “Residence Premises”

If shown as the “residence premises” in the Declarations:

- the one family dwelling where you reside
- the **two, three or four family** dwelling where you reside in at least one of the family units
- that part of any other building where you reside

[including other structures & grounds at that location]

IMPORTANT POLICY DEFINITIONS

DEFINITIONS OF LOCATIONS

■ “Insured Location”

- the “residence premises”
- other premises used by **you** as a residence & shown in Declarations
- other premises used by **you** as a residence & acquired during policy pd.
- any premises used by **you** in connection with one of the above
- any part of non-owned premises where **an insured** is temporarily residing
- vacant land (except farm land) owned by or rented to **an insured**
- land owned by or rented to **an insured** on which a **1-, 2-, 3-, or 4-** family dwelling is being built as a residence for an insured
- individual or family cemetery plots or burial vaults of **an insured**
- any part of a premises occasionally rented to **an insured** for other than business use

COVERAGES A & B INSURING AGREEMENT

COVERAGE A: DWELLING

cover . . .

- the dwelling on residence premises shown in the Declarations
- structures attached to that dwelling
- materials & supplies located on/next to the residence premises used to construct, alter or repair the dwelling or other structures

[NO COVERAGE FOR LAND!]

COVERAGES A & B INSURING AGREEMENT

COVERAGE B: OTHER STRUCTURES

We cover . . .

- other structures on the residence premises set apart from the dwelling by a clear space (including those connected by only a fence, utility line, or similar connection)
- **Exceptions: other structures . . .**
 - from which any business is conducted
 - used to store business property (unless owned solely by an insured or tenant of the dwelling & not including gaseous or liquid fuel)
 - rented to non-tenants (unless used solely as a private garage)

[NO COVERAGE FOR LAND!]

COVERAGES A & B

LIMITS OF LIABILITY

COVERAGE A: DWELLING

- Should be set by the insured at a level sufficient to cover the cost of all property items included under that coverage.

COVERAGE B: OTHER STRUCTURES

- Standard Limit = **10%** of the Coverage A limit.

COVERAGES A & B: PERILS INSURED AGAINST

■ OPEN-PERIL COVERAGE

- insures against risk of direct physical loss to covered property except from those perils specifically excluded

■ CATEGORIES OF EXCLUDED PERILS

- Section I Exclusions
- Coverage A & Coverage B Exclusions
- Concurrent Causation Exclusions

COVERAGES A & B: SECTION I EXCLUSIONS

■ Introductory Wording

- We do not insure for loss caused directly or indirectly by any of the following.
- Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

COVERAGES A & B: SECTION I EXCLUSIONS

- enforcement of ordinances or laws . . .
 - governing the construction, demolition, remodeling, renovation, or repair of property (including removal of any resulting debris)
 - *exception: Additional Coverage: Ordinance or Law*
 - the requirements of which result in a loss in value to property
 - requiring any insured to test for, clean up or remove pollutants

[this exclusion applies whether or not the property has been physically damaged]

COVERAGES A & B: SECTION I EXCLUSIONS

■ earth movement

– means:

■ earthquake

– including land shock waves or tremors before, during or after a volcanic eruption

■ landslide, mudslide, or mudflow

■ subsidence or sinkhole

■ any other earth movement including earth sinking, rising or shifting

caused by or resulting from human or animal forces or any act of nature

– *exception: direct loss by ensuing fire or explosion*

– *exception: loss by theft*

COVERAGES A & B: SECTION I EXCLUSIONS

■ water damage

- flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind
- water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment
- water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure

caused by or resulting from human or animal forces or any act of nature

- *exception: direct loss by ensuing fire, explosion or theft*

COVERAGES A & B: SECTION I EXCLUSIONS

- power failure

- means . . . the failure of power or other utility service if the failure takes place off the residence premises
- *exception: loss on the residence premises from an insured peril caused by off-premises power or utility failure*

COVERAGES A & B: SECTION I EXCLUSIONS

- **neglect**

- means . . . neglect of an insured to use all reasonable means to save and preserve property at and after the time of a loss

- **war**

- includes the following & any consequence of any of the following:
 - undeclared war, civil war, insurrection, rebellion or revolution
 - warlike act by a military force or military personnel
 - destruction, seizure or use for a military purpose
- discharge of a nuclear weapon will be deemed a warlike act even if accidental

COVERAGES A & B: SECTION I EXCLUSIONS

■ nuclear hazard

- this exclusion pertains to Nuclear Hazard to the extent set forth in the Nuclear Hazard Clause under the **Section I -- Conditions**
- **Nuclear Hazard Clause**
 - nuclear hazard means any nuclear reaction, radiation, or radioactive contamination (all whether controlled or uncontrolled or however caused)
 - loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke
 - this policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard
 - *exception: direct loss by ensuing fire*

COVERAGES A & B: SECTION I EXCLUSIONS

- intentional loss

- means . . . any loss arising out of any act an insured commits or conspires to commit with the intent to cause a loss
- in the event of such a loss, no insured is entitled to coverage (even insureds who did not commit or conspire to commit the act causing the loss)

COVERAGES A & B: SECTION I EXCLUSIONS

- governmental action

- means . . . the destruction, confiscation or seizure of property described in Coverage A, B or C by order of any governmental or public authority
- *exception: such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy*

COVERAGES A & B: COVERAGE A & COVERAGE B EXCLUSIONS

■ Introductory Wording

- We insure against risk of direct physical loss to property described in Coverages A and B.
- We do not insure, however, for loss . . .

COVERAGES A & B: COVERAGE A & COVERAGE B EXCLUSIONS

- excluded under the Section I -- Exclusions
- involving collapse
 - exception: Additional Coverage: Collapse

COVERAGES A & B:

COVERAGE A & COVERAGE B EXCLUSIONS

- caused by:

- freezing of a plumbing, heating, air conditioning, or automatic fire protective sprinkler system or of a household appliance OR discharge, leakage or overflow from within the system or appliance caused by freezing
- *exception: if you use reasonable care to maintain heat in the building or shut off the water supply & drain all systems & appliances of water*
 - *however, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply*

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

COVERAGES A & B:

COVERAGE A & COVERAGE B EXCLUSIONS

- caused by freezing, thawing, pressure or weight of water or ice (whether driven by wind or not) to:
 - fence, pavement, patio, deck or swimming pool
 - footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure
 - retaining wall or bulkhead that does not support all or part of a building or other structure
 - pier, wharf or dock

COVERAGES A & B:

COVERAGE A & COVERAGE B EXCLUSIONS

- caused by theft:
 - in or to a dwelling under construction OR
 - of materials and supplies for use in the construction
 - until the dwelling is finished and occupied
- caused by vandalism & malicious mischief if the dwelling has been vacant for more than **60** consecutive days immediately before the loss
 - includes any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief
 - a dwelling under construction is not considered vacant

COVERAGES A & B:

COVERAGE A & COVERAGE B EXCLUSIONS

- caused by mold, fungus or wet rot
 - *exception: loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:*
 - *a plumbing, heating, air conditioning or automatic fire protective sprinkler system or a household appliance on the residence premises OR*
 - *a storm drain or water, steam or sewer pipes off the residence premises*
 - for purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment

COVERAGES A & B:

COVERAGE A & COVERAGE B EXCLUSIONS

- caused by any of the following:
 - wear & tear, marring, deterioration
 - mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself
 - smog, rust or other corrosion, or dry rot
 - release of pollutants (unless caused by a Coverage C peril)
 - settling, shrinking, bulging, expansion (including resultant cracking) of bulkheads, pavements, patios, foundations, walls, floors, roofs, ceilings
 - birds, vermin, rodents or insects
 - animals owned or kept by an insured
 - *exception: see next slide*

COVERAGES A & B:

COVERAGE A & COVERAGE B EXCLUSIONS

- exceptions to previous exclusion
 - loss to property covered under Coverage A or B resulting from an accidental discharge or overflow of water or steam from within a:
 - storm drain or water, steam or sewer pipe off the residence premises
 - plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the residence premises
 - the cost to tear out & replace any part of a building or other structure on the residence premises if necessary to repair the system or appliance
 - only applies to other structures if the water or steam causes actual damage to a building on the residence premises
 - we do not cover loss to the system or appliance from which this water or steam escaped

COVERAGES A & B: CONCURRENT CAUSATION EXCLUSIONS

- **Weather conditions** (but only if they contribute with a peril excluded under the Section I exclusions).
- **Acts or decisions** (including the failure to act or decide) of any person, group, organization or governmental body.
- **Faulty, inadequate, or defective:**
 - planning, zoning, development, surveying, siting
 - design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction
 - materials used in repair, construction, renovation or remodeling
 - maintenance

[of part or all of any property whether on/off the residence premises]

COVERAGE C: INSURING AGREEMENT

- *We cover . . .*

- Personal property owned or used by **an insured** while anywhere in the world

- **After a loss** and at your request:

- personal property owned by **others** while on the part of the residence premises occupied by an insured

- personal property owned by a **guest or residence employee** while in any residence occupied by an insured.

COVERAGE C: INSURING AGREEMENT

- *We do NOT cover . . .*

- articles separately described & specifically insured, **regardless of the limit for which they are insured**, in this or other insurance
- animals, birds or fish
- **motor vehicles***
 - *exception: motor vehicles not subject to registration or property which are used **solely** to service an insured's residence*
 - *exception: motor vehicles not subject to registration or property which are designed to assist the handicapped*

* includes accessories, equipment, **parts**, & electronic apparatus designed to operate solely by the power from the electrical system of the motor vehicle *while in/on the motor vehicle*

COVERAGE C: INSURING AGREEMENT

- *We do NOT cover . . .*
 - aircraft (any contrivance used or designed for flight, including any parts whether or not attached to the aircraft)
 - *exception: model/hobby aircraft not used/designed to carry people/cargo*
 - hovercraft and parts (a self-propelled motorized ground effect vehicle including, but not limited to, flarecraft and air cushion vehicles)

COVERAGE C: INSURING AGREEMENT

- *We do NOT cover . . .*
 - property of roomers, boarders, and other tenants
 - *exception: property of roomers & boarders related to an insured*
 - property in an apartment regularly rented/held for rental to others
 - *exception: Additional Coverage: Landlord's Furnishings*
 - property rented/held for rental to others off the residence premises
 - business data
 - *exception: the cost of blank recording or storage media*
 - *exception: the cost of pre-recorded computer programs*

COVERAGE C: INSURING AGREEMENT

- *We do NOT cover . . .*
 - credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal, or transfer of funds
 - *exception: Additional Coverage: Credit Card, Electronic Fund Transfer Card or Access Device, Forgery, and Counterfeit Money*
 - water or steam

COVERAGE C: LIMITS OF LIABILITY

- **STANDARD LIMIT = 50%** of Coverage A limit
 - *EXCEPTION #1:*
 - personal property usually located at an insured's residence other than the residence premises
 - *EXCEPTION #2:*
 - special limits of liability for specified types of property

COVERAGE C: LIMITS OF LIABILITY

- Personal Property Usually Located at an Insured's Residence other than the "Residence Premises"
 - Limit = greater of 10 % of Coverage C amount or \$1,000
 - But, this limit does not apply to personal property:
 - moved from the residence premises because it is being repaired, renovated, or rebuilt & is not fit to live in or store property in
 - in a newly acquired principal residence for 30 days from the time you begin to move the property there

COVERAGE C: LIMITS OF LIABILITY

■ Special Limits of Liability

- money, bank notes, bullion, gold, silver, platinum, coins, medals (\$200)
- securities, accounts, deeds, evidences of debt, etc. (\$1,500)
- watercraft & related trailers/equipment (\$1,500)
- trailers not used with watercraft (\$1,500)
- theft of jewelry, watches, furs, precious/semi-precious stones (\$1,500)
- theft of firearms (\$2,500)
- theft of silverware, goldware, platinumware & pewterware (\$2,500)
- property on residence premises used primarily for business (\$2,500)
- property off the residence premises used for business (\$500)
- adaptable electronic apparatus in/on a vehicle (\$1,500)
- adaptable electronic apparatus used primarily for business while not in/on a vehicle and off-premises (\$1,500)

COVERAGE C: PERILS INSURED AGAINST

■ NAMED-PERIL COVERAGE

- insures against direct physical loss to covered property if caused by a peril listed in the policy.

■ NAMED PERILS UNDER COVERAGE C

- 16 named perils
- Florida: Adds “Sinkhole Collapse”

COVERAGE C: PERILS INSURED AGAINST

- fire or lightning
- windstorm or hail
 - includes . . . loss to watercraft **of all types** (& trailers, furnishings, equipment, & outboard engines or motors) only while inside a fully enclosed building
 - *exception: loss to property in buildings caused by rain, snow, sleet, sand or dust unless the direct force of the wind or hail damages the building causing an opening in the roof or wall through which rain, snow, etc. enters*
- explosion
- riot or civil commotion

COVERAGE C: PERILS INSURED AGAINST

- **aircraft** (including self-propelled missiles and spacecraft)
- **vehicles**
- **smoke**
 - means . . . sudden & accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment
 - *exception: loss caused by smoke from agricultural smudging or industrial operations*

COVERAGE C: PERILS INSURED AGAINST

■ vandalism or malicious mischief

- *exception: loss to property on the residence premises and any ensuing loss caused by any intentional & wrongful act committed in the course of vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before a loss*

[a dwelling being constructed is not considered vacant]

■ falling objects

- *exception: loss to the inside of a building or property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object*
- *exception: damage to the falling object itself*

COVERAGE C: PERILS INSURED AGAINST

- Theft (including attempted theft & loss of property from a known place when it is likely that the property has been stolen)
 - *exception: theft committed by an insured*
 - *exception: theft in or to a dwelling under construction (until finished or occupied)*
 - *exception: theft from that part of a residence premises rented by an insured to someone other than another insured*
 - *exception: theft that occurs off the residence premises of trailers, semi-trailers & campers*
 - *exception: theft that occurs off the residence premises of watercraft of all types (& their furnishings, equipment & outboard engines or motors)*
 - *exception: theft that occurs off the residence premises of property at another residence owned by, rented to, or occupied by an insured, EXCEPT:*
 - *while an insured is temporarily living there*
 - *if the insured is a student who has been there at any time in the last 60 days*

COVERAGE C: PERILS INSURED AGAINST

- accidental discharge or overflow of water or steam
 - means . . . accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance
 - *exception: loss to the system or appliance itself*
 - *exception: loss caused by or resulting from freezing (except as below)*
 - *exception: loss on the residence premises caused by accidental discharge or overflow which occurs off the residence premises*
 - *exception: loss caused by mold, fungus, or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure*
 - in this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

COVERAGE C: PERILS INSURED AGAINST

- weight of ice/snow/sleet
 - means . . . the weight of ice, snow or sleet which causes damage to property contained in the building
- sudden & accidental tearing apart, cracking, burning or bulging
 - means . . . sudden & accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water
 - *exception: loss caused by or resulting from freezing (except as provided below)*

COVERAGE C: PERILS INSURED AGAINST

■ freezing

- means . . . freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:
 - maintain heat in the building, *OR*
 - shut off the water supply & drain the system and appliances of water
- however . . . if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply
- in this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout, or similar fixtures or equipment

COVERAGE C: PERILS INSURED AGAINST

- sudden & accidental damage from artificially generated electrical current
 - *exception: loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus*
- volcanic eruption
 - *exception: loss caused by earthquake, land shock waves or tremors*

COVERAGE D: INSURING AGREEMENT

- *We cover . . .*

- **Additional Living Expenses . . .** if a loss covered under Section I makes the part of the residence premises where you reside unfit to live in
- **Fair Rental Value . . .** if a loss covered under Section I makes the part of the residence premises you rent or hold for rental to others unfit to live in
- **Additional Living Expenses or Fair Rental Value (For Two Weeks) . . .** if direct damage to neighboring premises by a covered peril leads civil authorities to prohibit you from the use of the residence premises

COVERAGE D: INSURING AGREEMENT

- *We do NOT cover . . .*
 - loss or expense due to cancellation of a lease or agreement

COVERAGE D: LIMITS OF LIABILITY

- **STANDARD LIMIT** = 30% of the Coverage A limit
- The limit of liability for Coverage D is the *total limit* for all the coverages in:
 - Additional Living Expense
 - Fair Rental Value
 - Civil Authority Prohibits Use

COVERAGE D: PERILS INSURED AGAINST

- For Coverage D to apply, the loss must be caused by a covered peril and the damage must be at the residence premises (subject to the “civil authority” exception).
- As long as the damage to the covered property was caused by a peril covered under the applicable Section I coverage, then Coverage D applies as well.

SECTION I ADDITIONAL COVERAGES

■ KEY

- “**L**” means that the additional coverage is *included within* the applicable limit of insurance.
- “**A**” means that the Additional Coverage is *in addition to* the applicable limit of insurance.

SECTION I ADDITIONAL COVERAGES

DEBRIS REMOVAL

■ *Covers . . .*

- the expense to remove the debris of covered property if a covered peril causes the loss
- the expense to remove ash, dust, or particles from a volcanic eruption that causes direct loss to a building or its contents

[L + (if needed) A = 5% of the applicable limit].

SECTION I ADDITIONAL COVERAGES

DEBRIS REMOVAL

■ *Covers . . .*

- expense to remove from the residence premises:
 - your tree(s) felled by windstorm or hail, or weight of ice/snow/sleet
 - your neighbors' tree(s) felled by a Coverage C peril
- but only if the tree(s):
 - damages a covered structure
 - **does not damage a covered structure, but:**
 - blocks a driveway on the residence premises which prevents a motor vehicle from entering or leaving the residence premises
 - blocks a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building

[A = \$1000 for any one loss, but no more than \$500 for removal of any one tree]

SECTION I ADDITIONAL COVERAGES

TREES, SHRUBS & OTHER PLANTS

■ *Covers . . .*

- trees, shrubs, plants or lawns on the residence premises for loss caused by:

- fire, lightning, explosion, riot or civil commotion, aircraft, vehicles not owned/operated by a resident of the residence premises, vandalism or malicious mischief, or theft.

[A = 5% of the Coverage A limit, but no more than \$500 per tree, shrub or plant]

■ *Does not cover . . .*

- trees, shrubs, or plants grown for business purposes.

SECTION I ADDITIONAL COVERAGES

REASONABLE REPAIRS

- *Covers . . .*
 - the reasonable cost incurred by you for necessary measures taken solely to protect covered property that is damaged by a covered peril against further damage [L]

SECTION I ADDITIONAL COVERAGES

FIRE DEPT. SERVICE CHARGE

- *Covers . . .*
 - liability (assumed by contract/agreement) for fire department service charges when a fire department is called to save or protect covered property from a covered peril

[A = \$500, no deductible].
- *Does not cover such charges . . .*
 - if the property is within the limits of the city, municipality or protection district furnishing the fire department response

SECTION I ADDITIONAL COVERAGES

PROPERTY REMOVED

- *Covers . . .*
 - direct loss to covered property from *any cause* while being removed from premises endangered by a covered peril [L].
 - direct loss to covered property from *any cause* while removed for no more than 30 days [L].
- Even the Section I exclusions do not apply to this coverage!

SECTION I ADDITIONAL COVERAGES

CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY & COUNTERFEIT MONEY

■ *Covers . . .*

- the legal obligation of an insured to pay because of the theft or unauthorized use of credit cards issued in his/her name

- loss from:
 - theft or unauthorized use of an **electronic** fund transfer card or **access device** used for deposit, withdrawal or transfer of funds
 - forgery or alteration of any check or negotiable instrument
 - acceptance in good faith of counterfeit US or Canadian currency

[A = \$500, no deductible]

SECTION I ADDITIONAL COVERAGES

CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY & COUNTERFEIT MONEY

■ *Does not cover . . .*

- use of a credit card, fund transfer card or access device by a resident of your household
- use of a credit card, fund transfer card or access device by someone to whom you have entrusted the card or access device
- use of a credit card, fund transfer card or access device if an insured has not complied with all terms & conditions under which the cards are issued or the devices accessed
- loss arising out of business use or dishonesty of an insured

SECTION I ADDITIONAL COVERAGES

LOSS ASSESSMENT

- *Covers . . .*
 - your share of loss assessments charged during the policy period against you (as owner or tenant of the residence premises) by a corporation or association of property owners
 - the assessment must result from direct loss:
 - to property owned by all members collectively
 - of a type that would be covered if owned by you
 - caused by a peril covered under Coverage A

[A = \$1,000, subject to one deductible per unit]
- *Does not cover . . .* loss assessments charged against you or a corporation/association of property owners by a governmental body

SECTION I ADDITIONAL COVERAGES

COLLAPSE

- Collapse . . .
- means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose
 - does not include a building or a part of a building that is:
 - in danger of falling down or caving in
 - standing, even if:
 - it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion
 - the part of the building has separated from another part of the building

SECTION I ADDITIONAL COVERAGES

COLLAPSE

■ *Covers . . .*

- loss to covered property involving collapse of a building or any part of a building IF the collapse is caused by:
 - the Coverage C perils (for loss to covered buildings & personal property)
 - hidden decay (unless known to an insured prior to collapse)
 - hidden insect or vermin damage (unless known to an insured prior to collapse)
 - weight of contents, equipment, animals or people
 - weight of rain which collects on a roof
 - use of defective materials or methods in construction, remodeling or renovation (if collapse occurs in the course of the construction, etc.) [L]
- loss to awnings, fences, patios, decks, pavements, swimming pools (& other specified types of outdoor property) caused by either:
 - the Coverage C perils
 - one of the other perils listed above IF the loss is a direct result of collapse of a building [L]

SECTION I ADDITIONAL COVERAGES

GLASS OR SAFETY GLAZING MATERIAL

■ *Covers . . .*

- glass or safety glazing material that is part of a covered building, storm door or storm window for:
 - breakage
 - breakage caused directly by earth movement
 - direct loss to covered property caused by the pieces, fragments, or splinters of the broken glass or safety glazing material. [L]

■ *Does not cover . . .*

- any other resulting loss to covered property
- loss if the dwelling has been vacant for > 60 days before the loss

SECTION I ADDITIONAL COVERAGES

LANDLORD'S FURNISHINGS

- *Covers . . .*

- your appliances, carpeting, and other household furnishings in **each** apartment on the residence premises regularly rented or held for rental to others by an insured
- for loss cause by any of the Coverage C perils other than theft

[A = \$2,500]

SECTION I ADDITIONAL COVERAGES

ORDINANCE OR LAW

■ *Covers . . .*

- the increased costs you incur due to the enforcement of building ordinances or laws, including costs to remove debris

■ *Does not cover . . .*

- loss in value to any covered building or other structure due to the requirements of any ordinance or law
- costs to comply with any pollution ordinance or law

[A = 10% of Coverage A amount]

SECTION I ADDITIONAL COVERAGES

GRAVE MARKERS

- *Covers . . .*

- loss to grave markers (including mausoleums) on or away from the residence premises by one of the Coverage C perils

[L = \$5,000]

SECTION I: LOSS SETTLEMENT

■ KEY

- “**RC**” means “replacement cost” (the cost to replace with similar, but not necessarily identical, property)
- “**ACV**” means “actual cash value” (replacement cost less an allowance for depreciation, obsolescence, etc.).

SECTION I: LOSS SETTLEMENT BUILDINGS

- Building losses are settled at RC, subject to COINSURANCE
 - If, at the time of the loss, the applicable limit of insurance > 80% of the RC of the building . . . the policy pays the full RC (subject to the policy limit & the amount actually spent).
 - If, at the time of the loss, the applicable limit of insurance < 80% of the RC of the building . . . the policy pays the *greater of*:
 - the ACV of the damaged part; or
 - a proportion of RC = $\text{limit of insurance} \div (80\% \text{ of RC})$

SECTION I: LOSS SETTLEMENT BUILDINGS

EXAMPLES OF COINSURANCE

- Joe bought his home 5 years ago and insured it for its full value at that time (Coverage A limit = \$100,000). He has never increased the limit of insurance over the years. His house catches on fire and the damage is \$12,000. How much of the \$12,000 loss will be paid? Ignore deductibles.
- The answer depends on the current **RC** of the house.
 - If **RC** = **\$100,000**: $\$100,000 \div (.80 \times \$100,000) > 1$, so \$12,000
 - If **RC** = **\$125,000**: $\$100,000 \div (.80 \times \$125,000) = 1$, so \$12,000
 - If **RC** = **\$150,000**: $\$100,000 \div (.80 \times \$150,000) = 5/6$, so \$10,000.

SECTION I: LOSS SETTLEMENT PROPERTY OTHER THAN BUILDINGS

- Property other than buildings are valued at the *lesser* of:
 - ACV or
 - the amount required to repair or replace the damaged property.

- *Applies to:*
 - structures that are not buildings
 - awnings, carpeting, household appliances
 - outdoor antennas & equipment
 - personal property
 - **grave markers, including mausoleums**

SECTION I CONDITIONS

YOUR DUTIES AFTER A LOSS

- Give prompt notice
- Notify police in case of loss by theft
- Notify credit/fund transfer card company in case of loss
- Protect property from further damage & make reasonable repairs
- Cooperate in the investigation of a claim
- Prepare inventory of damaged personal property
- Show damaged property, provide requested records & documents, and submit to examination under oath
- Send proof of loss within 60 days