



Homeowners Insurance “The Basics”

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Florida Association of Insurance Agents

Type Policies

- **Three types of policies:**
 - 1-4 family, owner occupied dwellings
 - “Renters” in apartments, homes, etc
 - Condo owners
- **“Package policy”**
 - Property coverage
 - Liability coverage

Determining Coverage

- **Two methods to address coverage:**
 - Special coverage (“All risk”)
 - Named peril

Premium Factors

- Frame or brick
- Proximity to coast
- Fire department rating
- Many others:
 - Amount of coverage
 - Credits
 - Deductibles

Industry Standard Policies

- HO-2 (17 named perils)
- HO-3 (Special form to building, named peril to personal property)
- HO-4 (Renters)
- HO-5 (Special form building/contents)
- HO-6 (Condos & coops)
- HO-8 (Limited coverage – 10 perils)

The Fundamentals

HO-3 Policy

- Coverage A – Dwelling
- Coverage B – Other Structures (10%)
- Coverage C – Personal Property (50%)
- Coverage D – Loss of Use (30%)
- Coverage E – Liability (\$100,000)
- Coverage F - Medical Payments (\$5,000)

Loss Settlement Options

- Replacement cost – new for old
- Actual cash value (ACV) – depreciation applies

Who Is An Insured

- Person named
- Resident spouse
- Resident relatives
- Those under age 21 in the care of someone shown above

Coverage A

- The dwelling
- Structures attached
 - Pool cage
 - Attached garage
 - Shutters
- Land is not covered

Coverage B

- Structures set apart by clear space
 - Detached garage
 - Backyard pool
 - Guest house
 - Mailbox
 - Fences (if not attached to the house)
 - Mailbox

Coverage C

- Personal property owned or used by the insured, anywhere in the world
 - Clothing
 - Furniture
 - TV set
 - Computer
 - Jewelry

Coverage C

Special Limits

- Cash - \$200
- Securities - \$1,500
- Watercraft - \$1,500
- Trailers - \$1,500
- Theft of jewelry - \$1,500
- Theft of silverware - \$2,500
- Theft of firearms - \$2,500
- Business property \$2,500 on premises, \$500 off

Coverage C

Property Not Covered

- Scheduled elsewhere
- Animals, birds, fish
- Motor vehicles (exceptions)
- Aircraft & Hovercraft
- Property of roomers, boarders, tenants

Coverage D

- Loss of use (Additional Living Expense)
- Damage must be from a covered peril
- Home must be “not fit to live in”
- Covers increased cost to maintain normal standard of living
- No time limit; pays until \$\$\$ is exhausted
- Civil authority coverage – two weeks

Coverage E

- Personal liability, when legally liable
- Covers those with “insured” status
- Worldwide coverage
- \$100,000 basic limit, increasable
- Examples:
 - Dog bite
 - Slip & fall
 - Golf course incident, stray golf ball

Coverage F

- Medical Payments (To others)
- Negligence not required
- Goodwill coverage
- Responds on and off premises
- \$1,000 limit; increasable

Additional Coverage

- Debris removal
- Removal of trees felled by windstorm
- Repairs to protect from further damage
- Trees, shrubs, plants (no wind coverage)
- Loss assessment (\$1,000)
- Ordinance & Law – 50% per statute

HO-3 Building Exclusions

- Freezing (In certain situations)
- Theft in dwellings under construction
- Vandalism after 60 days of vacancy
- Mold, with exceptions
- Wear & tear, smog, rust
- Pollution
- Cracking of foundations & pavement
- Birds, vermin, insects, owned & kept animals

HO-3

Personal Property Named Perils

- Fire & lightning
- Wind/hail
- Explosion
- Riot
- Aircraft & vehicles
- Smoke
- Vandalism
- Theft
- Falling objects
- Weight of ice/snow
- Water discharge
- Water heaters, etc.
- Freezing
- Power surge
- Volcanic eruption
- Sinkhole

General Property Exclusions

- Earth movement
- Water damage (Flood)
- Off premises utility failure
- Neglect
- War & nuclear
- Intentional
- Government action

Liability Exclusions

- Motor vehicle liability
- Watercraft liability
- Aircraft liability
- Hovercraft liability
- Business activities

Condominium Coverages

- Master policy
 - Covers the building, with exceptions
- Unit owner policy
- Covers some building items
 - Carpet, paint, wallpaper, a/c, cabinets
- Personal property, loss of use, liability, medical payments

Florida Specific Coverages

- Sinkhole collapse
- Ordinance & Law
- Hurricane deductible
- Cancellation & Non-renewal
 - 90 day notice in most cases
 - 20 day notice during the first 90 days
 - 10 day notice for non-payment



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