



You just moved into your new place and you go out to celebrate. When you come back, you see a fire truck with flashers on your street, and as you get closer, you realize they're spraying water onto your house! There are flames coming out of the roof, and all of your things that you've worked so hard for look like they'll be destroyed or damaged. How are you going to replace all of your things? What about if you own the house—how will you pay to have it fixed, or rebuilt? Hopefully, you have enough property insurance to cover all of your expenses, otherwise, it's going to have to come out of your pocket.

Let's take a look at the most common types of property insurance, renters and homeowners insurance, and also look at liability coverage to see what these all cover and which is right for you, now, or in the future when you start living on your own. Although it's great if you never have to file a claim, having these insurance policies can be the best way to safeguard your valuables in case something unexpected happens.

Homeowners Insurance



Homeowners insurance protects your home and what's in it. Your home and its contents usually constitute most of the personal property that a person or family own. How would you replace that house and contents in the event of some disaster such as a fire, tornado, hurricane, lightning or a tree falling during a windstorm? If you have homeowners insurance, you'd file a claim and get money from your insurance company to cover some, or all of the damage. It can also cover your personal possessions if they're stolen. Finally, homeowners insurance provides liability insurance in case someone is injured and sues you for negligence.

If you're purchasing your first home, talk to an agent about how much coverage you will need to replace your property if something were to happen to your home and possessions. Banks usually require you to purchase homeowners insurance in order to get a mortgage with them. Until you pay off your mortgage, you'll have to keep your policy current.

Types of Coverage Basic

Pays claims for damage due to: fire or lightning, wind or hail, smoke, volcanic eruption, explosion, riot and civil unrest, vandalism or malicious mischief, theft, damage from vehicles as well as structural damage and self-damaging instances.

Provides protection to your home and its contents

Most homeowners policies include comprehensive coverage against damage to your house and your personal belongings. Most insurance companies also offer several standard types of homeowners policies, called forms. Each of these covers different types of property and damage, for example, one might cover hail damage while another does not. Let's take a look at the most common options you'll have to choose from.

Basic coverage pays claims for damage due to: fire or lightning, wind or hail, smoke, volcanic eruption, explosion, riot and civil unrest, vandalism or malicious mischief, theft, damage from vehicles as well as structural damage and self-damaging instances (for example, damage by glass material that is part of the building, a part of the building falling, etc.) This type of coverage provides protection to your home and its contents, such as furniture, carpeting, personal possessions, including highly priced objects, paintings and antiques, against the listed hazards. This type of coverage is not as common as it was in the past.

Types of Coverage Broad

Includes all covered under basic policies

Damage to heating, air-conditioning, plumbing and sprinkler systems



A broad coverage policy is more extensive than basic coverage. It covers damage included under basic coverage, as well as building collapse, and damage brought to heating, air-conditioning, plumbing and sprinkler systems. Therefore, you will be reimbursed for damage from the following reasons: sudden and accidental tearing, cracking, burning, or bulging of a steam or hot water heating system; accidental discharge from a plumbing, heating, air conditioning or sprinkler system or household appliance; freezing of a plumbing, heating, air conditioning or sprinkler system or a household appliance; sudden and accidental damage from artificially generated electricity; falling objects; weight of ice, snow, or sleet, and volcanic eruption.

Types of Coverage Special Form

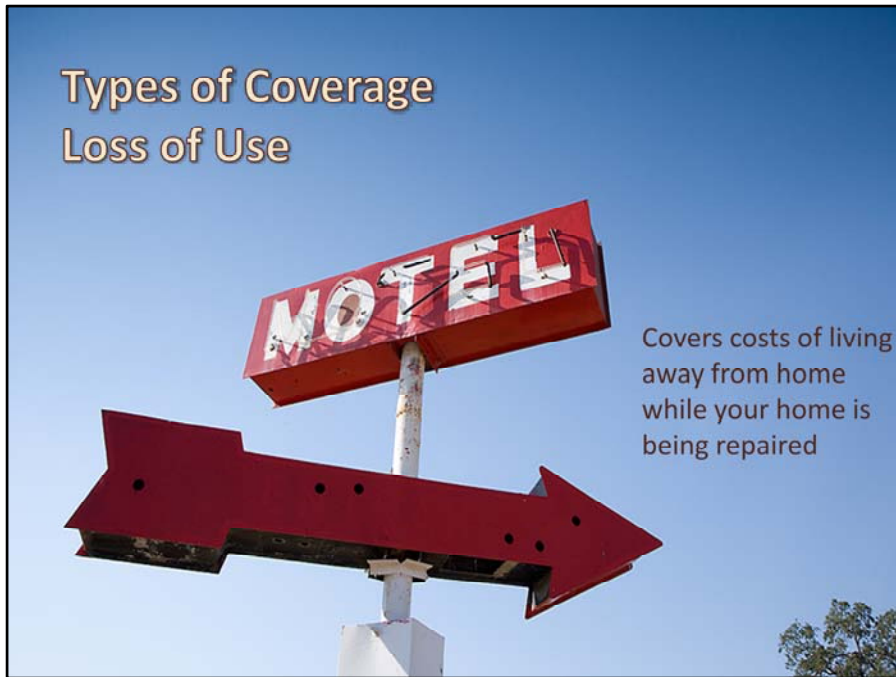
Includes all covered under basic and broad policies

"All risk" - covers all losses except those specifically excluded by your policy

Includes loss of use

A special form policy covers damage included under basic and broad coverage as well as some other types. It is often referred to as "all risk". It protects your home against all risks of physical loss, except those specifically excluded by your policy, which are typically losses resulting from floods, earthquakes, war or nuclear hazards. Note that under this type of policy, your house is automatically insured for replacement value with no devaluation deduction, up to specified limits. Loss of use is covered under this type of policy as well.

Types of Coverage Loss of Use



Covers costs of living away from home while your home is being repaired

Once you are a homeowner, you will want to protect yourself from unexpected loss and personal liability. When you purchase your homeowners insurance, you have the option of including loss-of-use coverage. This provides insurance coverage for homeowners that pays for the costs of living away from home while the home is being repaired. If your house is damaged and uninhabitable, the loss-of-use coverage will pay for the expense of living away from your home while the repairs are done.



If you own a condo, you belong to a condominium association which insures the building which your condo is part of. Condominium coverage is designed to cover those costs not paid for by your association policy. This type of policy covers damage due to smoke, windstorm or hail, fire and lightning, earthquakes, theft, vandalism, water escape from malfunctioning pumps, but not floodwaters, freezing of plumbing, heating or air-conditioning systems. It also provides personal property coverage, personal liability for residents and guests of the policyholder and specific coverage of improvements to the owner's condominium unit.

Insurance Costs May Vary

location – high or low crime area

size – how many square feet

materials used in construction

type of weather that commonly occurs in your area

condition of the house



It's important to understand why homeowners insurance costs vary from house to house. There are a number of factors that can affect how much you'll have to pay for insurance including

- location – is it a high or low crime area
- size
- materials used in construction
- type of weather that commonly occurs in your area
- condition of the house

In the end, the two largest factors determining how much your premium will cost every month are the value of the house, and your deductible. The more expensive a house is, the more it will cost to rebuild it, so you will have to have more coverage. As we saw in another topic, your deductible, or how much you are required to contribute in the event of a loss, is also important. Policies with lower deductibles have higher premiums, and vice versa.

Take a look at the Insurance Information Institute website <http://www2.iii.org/video/insurance-checklist-for-homebuyers-podcast.html> to see what you should look for when buying a home and how it can impact the cost of your insurance policy.

Which one impacts policy premiums?

Question 1 of 1

Point Value: 0

Which of the following can impact the cost of your homeowners insurance policy?

- Does the house have neighbors close by?
- Will you have children living in the house?
- Is the house vulnerable to flooding?

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At any time

Unlimited times



How Much Coverage is Enough?



Construction
Costs

If you want to receive full payment for any loss up to the amount of your policy, then you must insure your home for at least 80% of its replacement value. This is how much you'll need to reconstruct your home if it is destroyed.

If you insure it for less, then you may not be able to cover all of the expenses if you have damage. Remember that construction and material costs go up and can vary quite a bit, so it's important to have adequate coverage.

At the same time, you don't want to have too much coverage because the insurance company will only pay to fix any damage and replace your property. Having additional coverage that goes beyond these costs only adds to your monthly premium—it's essentially money that you're throwing down the drain because you'll never be able to get it back.



What if you rent your apartment or house and it burns down destroying all of your possessions? Does your landlord's homeowners insurance cover your losses? No. You have to insure your personal property yourself by purchasing renters insurance.

Your renters insurance will protect against:

- Theft
- Loss of personal property
- Loss of use – it will cover your living expenses if you have to leave the place you are renting while any damage is fixed

Watch the short video to find out what you need to know about renters insurance.

<http://www2.iii.org/video/renters-insurance.html>

See what's covered and not covered under a typical renters insurance policy by clicking on the house.

http://www.ohioinsurance.org/renters_insurance/house.htm

Make a Record of Your Possessions



Whether you have homeowners or renters insurance, it's a good idea to have records of your possessions in case you have to make a claim. One of the easiest, and best ways to do this is to take photographs of your most expensive items. You can take digital photos and store them outside your house, perhaps online somewhere, so that if something happens to your house, your records won't be destroyed. It can make life a lot easier when it comes time to prove that you owned something to your claims adjuster!

What's Not Covered

Flooding
Very expensive items



What do you mean I'm not covered?

Sometimes you may not be covered by damage or theft depending on the cause of the damage, or the item involved.

For example, remember that flooding isn't covered under most policies. You'll have to buy a special policy from the federal government to cover this type of damage. There may be other types of damage that you'll have to protect against depending on where you live. Before you purchase a policy, make sure you discuss these with your insurance agent.

Many homeowners or renters policies only cover your valuables up to a specific limit. For example, if you have a Rolex® watch that is worth \$10,000, the insurance company might only pay up to \$2,500 to replace it if it is damaged or stolen. As part of your policy, you might be able to purchase a rider or floater, which is a small separate policy to cover some of your specific and most valued possessions. It may not add much to the cost of your monthly premium, but it can make a huge impact in case of a loss.

What does it cover?

Question 1 of 3

Point Value: 0

What might not be covered by your renters insurance?

- Expensive jewelry
- Your clothes
- Your televisions

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After user has completed quiz

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Properties...



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Liability Insurance

You may be responsible for accidents on your property!

Personal liability coverage can help protect you from financial losses.



Who is responsible if a neighbor slips on your doorstep and can't work for a couple of months? What if someone drowns in your pool? If an accident happens on your property, you may be responsible. Personal liability coverage can help protect you from financial losses. It's normally included in a homeowners policy. Check with your insurance agent that your homeowners policy includes liability coverage.

If you don't think that your liability coverage is adequate to protect you in case of a major lawsuit, you may want to buy an umbrella liability insurance which can provide additional protection on top of your homeowners insurance policy.

Which one covers what?

Question 1 of 4

Point Value: 0

What type of insurance will cover you if part of your home was damaged by lightning during a bad storm?

- Liability insurance
- Floater
- Renters insurance
- Homeowners insurance

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