

## A Guide to Your Homeowners Policy

Insurance policies are usually divided into sections or categories by **what is covered** and the **maximum amounts** the insurer will pay in the event of a loss. Here's a basic summary of the main types of coverage in a typical homeowner's policy. You'll need to do some math and piecing together to figure out what your policy limits actually are. Don't rely solely on your insurer's calculations.

If you don't have a complete and current copy, ask for one (in writing) and make sure you and the company adjuster are working off the same document. There's math involved in figuring out how much you're entitled to for dwelling replacement, debris removal, trees and building code compliance.

Do your best to read your policy over and over until you have a basic understanding of what's in it. Start by reading your policy's "declarations page". It shows how your policy is divided into coverage categories:

- Dwelling ("Coverage A")
- Other Structures ("Coverage B")
- Personal Property ("Coverage C")
- Loss of Use/Additional Living Expenses ("Coverage D")

Here is a sample of a declarations page. Your declaration page may look nothing like this, but it should have the same basic categories and info. See next page for color coded explanations of categories.

<p><b>Coverages and Limits of Insurance:</b> Insurance is provided for the following coverages only when a limit is shown. The limit of liability for this structure (Coverage A - Dwelling) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.</p>					
Section I				Section II	
A Dwelling	B Other Structures	C Personal Property	D Loss of Use	E Personal Liability (Personal Injury & Property Damage)	F Medical Payments to Others
\$ 300,200	\$ 30,100	\$ 225,200	\$ 120,100	Each Occurrence \$ 1,000,000	Each Person \$ 1,000
				Each Accident \$ 25,000	
Section I Only:					
Section II: Additional Residence Premises if any located : (Number, Street, City, State)					
<p><b>This policy does not provide Earthquake Insurance.</b> <b>This policy does not provide Flood Insurance.</b></p>					
<p>Basic Policy Premium Forms and Endorsements made part of this policy at time of issue. Homeowners Policy - Special form - \$1000 Deductible (HO-3). Name Change Endorsement (60 1000 12 13) Lender's Loss Payable Endorsement (438 BFUNS). Limited Home Replacement Cost Endorsement - 150% Of Cov A (HO-28). Replacement Value Endorsement Personal Property (HO-29). \$1000 Deductible (HO-60). Workers' Compensation &amp; Employers' Liability - CA (HO-90). Private Residence Employees - Class 0910.</p>				<p>P00C00 1st Mortgage Loan No. * 0057254674 2nd Mortgage Loan No.</p>	
<p>Building Code Upgrade Limit - \$75,050.00</p>				<p>Premiums</p>	

## Reading your Declarations Page:

**Dwelling (Coverage A):** This is the “big ticket” item in your policy. Your actual coverage in category “A” may be higher than stated here because your policy may contain increases via “endorsements.” We will call endorsements “extras” for simplicity. The extras should be explained in the policy wording. Do your own math to calculate your coverage and apply all extras your policy includes.

**Separate/Other Structures (Coverage B):** Usually only covers structures that are detached from the main dwelling (garages, retaining walls, decks, fences, etc.) This limit may increase with the extras described under “Dwelling” above. If your dwelling is underinsured, read your policy carefully to see if any items can be moved into this category.

**Contents/Personal Property:** This limit often does not get adjusted but may be adequate. You may have to list and value everything you lost but ask if your insurer will waive that rule. Your insurer will depreciate (often excessively) and pay “Actual Cash Value” until you replace. Submit receipts to get paid in full. Get extensions of time when needed.

**Loss of Use/Additional Living Expenses:** This limit covers comparable housing until you can move back in, and other expenses related to losing the use of your home. It won’t cover mortgage payments. This coverage can either be a dollar limit or a time limit or both. Some ALE payments will be advanced; most are “as incurred.” Submit receipts and insist on full reimbursement.

**Building Code Upgrade Coverage:** If your policy doesn’t include this, contact your agent and find out why this was not included. You can’t rebuild without complying with building codes and this coverage has become standard. The amount is usually set in the policy as a percentage of your “A” coverage.

**Extended Replacement Cost Coverage:** An extra that increases your “A” and possibly B and D limits by 25-100%. Read your policy to determine which categories of coverage this extra may apply to. Argue for the max if you need it.

**Personal Property Replacement Cost:** Means your contents are covered at replacement value so depreciated only temporarily until you replace what you lost.

The information presented in this publication is for general informational purposes, and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of [www.uphelp.org](http://www.uphelp.org). United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified at our website.