

Mobile/Manufactured Home Insurance Basics

The goal of these mobile home / manufactured home insurance buying tips is to help you understand what's in a mobile/manufactured home policy. Although insurance funds are the fastest and best source of repair and rebuild funds for most disaster-impacted households, *many* find themselves underinsured. Understanding the basics of your policy can you avoid common pitfalls.

What's included?

If you have a mortgage or chattel loan, and in some manufactured home (MH) communities you will be required to carry insurance on your home. MH policies provide the coverages in a typical homeowners (HO) policy: dwelling, personal property, liability, and loss of use (temporary rent, etc.):

Dwelling: Covers the structure. It is especially important to pay attention to this category because the fine print in your policy matters:

- Your best bet is to buy an **“All Risks” policy**, not a “Named Perils” policy.
- Buy **“Extended Replacement Cost” (ERC)** protection, *especially if you live in an area where wildfires have happened*. It is usually sold as an extra 25-100% of coverage above your Dwelling limit. ERC is a critically important buffer after disasters when costs for materials and labor jump and leave victims underinsured.
- MH homes built prior to June 15, 1976 do not meet modern building standards and are not eligible for code upgrades. *If your home was built after June of 1976, **buy code upgrade coverage**.*

Personal Property (your “stuff”): Covers the cost of repairing or replacing furniture, clothing, household items, appliances and electronics that belong to you.

Liability Coverage: If someone gets hurt while visiting you and sues you, liability coverage pays for your lawyer and legal fees up to your policy limits.

“Loss of Use”: Covers the costs of hotel bills, a security deposit and additional rent if your home is damaged and you have to move into a temporary home while it is being fixed. Some insurance

companies pay for loss of use up to a set dollar amount. Others will cover you for a set amount of time for a living space similar to what you had, usually for a maximum of 12-24 months.

Cover your local risks:

Most policies have exclusions/limitations to coverage for flooding, landslide, earthquakes, and home-based businesses. You may want to consider adding these coverage if needed.

You can enter your zip code at www.DisasterSafety.org to check your local risks.

Flood is not a covered peril, and must be purchased separately through either the NFIP or a private flood insurance company. Manufactured homes are insured differently than site built homes by FEMA. To find out if you're in a flood zone, go to www.floodsmart.gov.

For earthquake zone information, visit earthquake.usgs.gov. Note that MHs are more vulnerable to earthquakes and many older homes rest on slender supports that can overturn in an earthquake (bracing can help). This coverage is a good idea if you live in earthquake country and you're able to afford it.

You can buy a separate policy or an add-on to your current MH policy to cover these excluded risks. Add-ons in insurance lingo are called "riders" or "endorsements" or "floaters". Visit the "Buying Tips" section at uphelp.org for more specific advice on [flood insurance](#) and [earthquake insurance](#).

Customize your coverage

Details of how and when your insurer will pay benefits to repair or replace damaged or destroyed property vary quite a bit from policy to policy and company to company. For MH owners, it's important to have insurance for or a plan for covering the full menu of expenses associated with replacing a destroyed MH. Those expenses include transportation, foundation, and siting costs such as plumbing, electrical, and propane/gas.

Policy wording and formulas matter very much when it comes to coverage for restoring your assets. For example, policies differ in whether the insurer will pay for **"like kind and quality"** materials and/or matching roof material and siding versus only for "equivalent" (not necessarily matching) items.

Go over scenarios with an insurance agent and do your best to understand limits and exclusions in your policy and affordable add-ons that would enhance your protection.

Depending on where your MH is located, you may have options for different levels of deductibles and for buying Sinkhole Coverage.

Limits and Exclusions:

While steps, oil/gas drums, tanks, and fencing are usually covered in an MH insurance policy, *foundation/site work is **generally not covered***. Policies also exclude wear and tear, rust, mold, wet or dry rot, vermin, rodents, and often - water damage from sewers and drain back-ups.

A basic MH policy provides coverage on an Actual Cash Value (depreciated) basis, but shop for a Replacement Cost Value (RCV) mobile/manufactured home policy and opt for that if you can afford it. RCV coverage is much better than Actual Cash Value (ACV), but even an RCV policy likely excludes foundation/siting work to replace a destroyed or severely damaged unit.

Do your best to find a policy that covers sewer and drain backup - a common source of damage, and foundation/site work. Note that for **all** homeowners in Wildland Urban Interface and rural areas, property insurance has gotten harder to find and more expensive in recent years.

For more information, read our [Mobile/Manufactured Home Buying Tips](#).