

INSURANCE IN SIMPLE TERMS

HOMEOWNERS INSURANCE

WHAT IS HOMEOWNERS INSURANCE?

Homeowners Insurance is an insurance policy on your house and its contents. The standard homeowners' policy covers four things: damage to the structure of your home, loss of or damage to your personal possessions, temporary living expenses in case your home becomes uninhabitable because of a covered insurance loss, and personal liability.

WHAT DOES IT COVER?

Damage to the Structure of your home

Depending on the type of homeowners policy you have, your home is covered for insured perils. Examples are fire, lightning, wind, hail, smoke damage, etc. Two types of coverage which are generally excluded are earthquake and flood. Other types of coverage such as mold may have a limit (ie. \$10,000). Your individual policy must be read to learn of the coverage but more importantly of the exclusions and limitations. You often can purchase extra coverage to remove the exclusions and limitation if you think doing so is important. In many cases, it is not. If you live on the top of a mountain, you are probably not worried about flood.

Personal Property

Your Personal Property, clothes, furniture, etc. are covered under a Homeowners Insurance Policy. Depending on your insurance company and policy, there is a limit on certain types of items. Jewelry, furs, fine art, firearms, and silverware are among these types of items. Your individual policy must be examined to discover the limitations. Coverage can be purchased to increase the limit on these type of items.

Temporary Living Expense

Also known as Loss of Use. It is an extra expense you incur while staying at a temporary location if your home becomes uninhabitable due to a covered insured loss.

Example: A fire at your home causes you to move to a hotel until the condo is repaired.

Personal Liability Coverage

Personal Liability Coverage pays for bodily injuries to other people or damage to their property if you are liable.

Examples: Playing golf and unintentionally hitting someone with a golf ball, your dog gets loose and bites someone, your child is playing at a neighbors and breaks their glass table. Vehicle liability is generally excluded.

T In case of a loss, you will need to list all of your personal property claimed. In case of a fire or theft, all of the items can not possible be remembered. Your personal items should be listed somewhere before an insured loss. You can list everything you have in a booklet. A simpler and quicker way is taking a camcorder, walking through each room and recording all of the items in each room. Reviewing the recording will remind you of the items. It is very important not to keep this written record or camcorder recording in the house. It will do little good if it burns with your personal property.

I There are several ways to reduce the premium on your homeowners' policy. Many companies give discounts for the following: having a car insured with your policy, higher deductibles, good credit, alarm systems. It is also a good idea to check coverage and prices with different insurance companies every few years. You will find 1) that you have a good price which will make you happy or 2) a better price which will also make you happy.

P How much to insure you house for is often a question homeowners have. Since most homeowners policies are replacement cost policies, the house must be insured for enough to rebuild the house with today's construction cost. Example: You bought the house in 2005 for \$250,000 and because of market conditions the house is now worth \$150,000. Neither of these facts play into the amount you should insure the house for. You must insure the house for how much it would cost to rebuild it today. This figure usually increases slightly from year to year as construction costs rise. It has nothing to do with the market conditions determining the value of your house.

S



859 S. Main St.
Plymouth, MI 48170
Phone: (734) 459-9797
Fax: (734) 459-8866