

Home Owner Insurance

Overview

According to the Insurance Information Institute, most standard homeowners' insurance policies typically cover hazards such as fire/smoke, lightning strikes, windstorms, hail, explosion, vandalism, theft, damage caused by the weight of snow, sleet, or ice, falling objects, and damage from aircraft or motor vehicles. However, you should always check your policy to determine specific coverage.

Key Points

The Structure (Dwelling): Ensure you have enough insurance to cover rebuilding costs, not including land value. For a quick estimate, multiply your home's square footage by local building costs. Factors affecting rebuilding costs include local construction costs, square footage, type of exterior walls, house style, number of bathrooms and rooms, roof type, other structures, and special features. Standard policies cover fire, lightning, hail, explosions, and theft but not floods, earthquakes, or maintenance damage.

Replacement Cost Policies: These policies cover the repair or replacement of damaged property with no deduction for depreciation. Flood insurance can also provide replacement cost coverage for the structure.

Building Codes: Building codes may change over time. Homeowners' policies in Florida typically include "Law and Ordinance Coverage" for additional coverage beyond the dwelling amount.

Older Homes: Insurance companies will insure older homes for replacement cost if they are in good condition. In Florida, a 4 Point Inspection may be required.

Personal Possessions: Homeowners' policies cover personal possessions for 25% to 50% of the dwelling's insurance amount. Conduct a home inventory to ensure adequate coverage.

Replacement Cost vs. Actual Cash Value: Replacement cost policies pay to replace items with new ones, while actual cash value policies deduct for depreciation.

Insuring Expensive Items: For expensive items like jewelry and electronics, consider floaters or endorsements for additional coverage.

Additional Living Expenses: This coverage pays for temporary living costs if you cannot live in your home due to an insured disaster.

Liability Coverage: This covers lawsuits for bodily injury or property damage you or your family cause. Most policies provide a minimum of \$100,000 in liability insurance, with higher

amounts available.

Umbrella or Excess Liability: Consider an umbrella policy for extra liability coverage beyond your home and auto policies.

Deductibles: A deductible is the amount you pay out of pocket before insurance coverage begins. Choose a deductible based on what you can afford to pay in the event of a loss.

Summary

Standard homeowners' insurance policies typically cover hazards like fire, lightning, windstorms, hail, explosions, vandalism, theft, and damage from snow, sleet, ice, falling objects, and vehicles. Coverage for the dwelling should account for rebuilding costs excluding land value. Policies often cover personal possessions for 25% to 50% of dwelling insurance, and additional living expenses if the home is uninhabitable due to an insured disaster. Liability coverage protects against lawsuits for bodily injury or property damage caused by the insured. For high-value items, consider floaters or endorsements. Deductibles determine out-of-pocket costs before coverage kicks in. Replacement cost policies pay for new items without depreciation, while actual cash value policies deduct for depreciation. Umbrella policies offer extra liability coverage beyond standard policies.