

Homeowners INSURANCE GUIDE

The Pennsylvania Insurance Department is here to help you understand homeowners insurance. In the next few pages you will learn about types of coverage available, some tips on how to shop, and what you should do if you need to make a claim.

Insurance policies can vary. This guide is intended to help you understand homeowners insurance. The information is general and not specific to your insurance policy. If you have specific questions about your coverage, you should consult your agent or insurance company.



What Is Homeowners Insurance?

Your homeowners insurance policy is a legal contract between you and your insurance company. It protects you against financial loss if there is damage to your home and your possessions and liability in case someone gets hurt in your home or on your property.

Keep your **policy** in a safe place and know the name of your **insurer**. Be sure to discuss with your insurance company the terms in your **policy**. If you have questions contact your insurance agent or company for clarification. If you still have questions, **visit our website at www.insurance.pa.gov** or you can write to or call us.

Do I Need to Buy Homeowners Insurance?

Homeowners insurance is not mandatory in Pennsylvania but most banks or lenders will require you to cover your home for at least the amount of the mortgage. If you are looking for a homeowners insurance policy, always shop around and compare coverage and price. Homeowners insurance protects your home and your personal property. It may also protect you against lawsuits if someone gets hurt on your property. Below is more information on the different types of coverage a homeowners policy can provide.

*You are not required to purchase insurance from the **insurer** recommended by the lender.



Your home is more than just shelter; it's an **asset worth protecting.**

Let's Look at Coverage in More Detail

Homeowners insurance policies usually contain a package of coverages that offers protection when a **peril** occurs. A **peril** is the cause of a possible loss, like a fire, that you protect yourself from when you purchases an insurance policy.

Dwelling coverage pays for damage to your house and structures attached to your house. This includes damages to fixtures such as plumbing, electrical wiring, heating, and permanently installed cooling systems.

Other Structures coverage pays for damage to structures not attached to the **dwelling**. These include detached garages, sheds, fences, guest houses, etc.

Personal Property coverage reimburses you for damage to or theft of your **personal property**. This covers things like furniture, appliances, electronics, lawn equipment, clothing, etc. It also protects your belongings even when they aren't on your property.

Loss of Use coverage pays for **additional living expenses** if you can't live in your home (because of a covered peril) while it's being repaired.

Medical Payments to Others provides coverage for medical bills for people hurt on your property or hurt by your pets.

Personal Liability protects you, your relatives in the household and residents in your household under the age of 21 if you are sued and found legally responsible for injury or damage to their property. This coverage also extends to students under the age of 24 enrolled full-time at school or college (with certain exceptions).

Please refer to the Glossary found on page 14 for definitions of the terms in bold face.

How Much Coverage Should I Buy?

Your coverage **limits** are the most your insurance company will pay. Your homeowners insurance coverage will depend on your individual needs, as well as limitations set by your insurance company. Higher **limits** may be available for an additional cost. Here are some things to keep in mind when you are trying to figure out how much coverage you should buy:



on a **claim**. For an additional cost, consider an inflation guard endorsement which raises the amount of your dwelling coverage annually in line with inflation.

Other Structures

Typical coverage for these structures is limited to 10 percent of the **dwelling** coverage limit.

Dwelling

Replacement cost is the amount to replace or rebuild your home or repair damages with materials of a similar kind and quality without deducting for depreciation. Often the cost to rebuild a home in accordance with current building codes with new raw materials at current labor rates is significantly higher than the proceeds you would receive if you

Personal Property

Typically coverage for **personal property** is provided at a percentage of the **dwelling** coverage limit. You can choose to insure your **personal property** at the **replacement cost** or **actual cash value**.

Also, if you are away for business or on vacation, your **personal property** brought with you is typically insured for 10 percent of your homeowner's policy's **personal property** coverage or \$1,000, whichever is greater. (unless you ask for a higher limit)

Keep in mind that coverage for some property such as jewelry, furs, antiques, coins, guns, and art may be limited. You can purchase additional coverage called a scheduled personal property endorsement to better protect these items.

Loss of Use

Typical coverage for **loss of use** is 20 percent of the **dwelling** coverage limit.

Personal Liability

You choose the amount of liability protection that is appropriate for your situation. Most policies offer \$100,000 with higher **limits** available for an additional cost.

Medical Payments

Basic amounts of coverage are usually \$1,000 per person and higher **limits** may be available for an additional cost.

Your homeowners insurance coverage will depend on your individual needs, as well as limitations set by your insurance company.

were to sell your home. The **replacement cost** is not the same as the market value of your home, which includes your land and depends upon what someone is willing to pay to buy your property. **Actual cash value** is the **replacement cost** of your home minus age and wear and tear. Many times an **actual cash value policy** does not pay enough to fully return your home to the way it was before an incident.

You should review your amount of coverage annually. A good rule of thumb is to insure your home for at least 80% of its replacement value. If your coverage drops below 80 % of full **replacement cost**, the company may reduce the amount paid

What Types of Homeowners Policies Are Available?

As mentioned before, homeowners insurance policies usually contain a package of coverages that offer protection from loss when a **peril** occurs. Some policies are specifically for single-family homeowners, condominium owners, and renters. Some policies cover all **perils** except those specifically excluded; others cover only the **perils** specifically named in the **policy**. The different types of homeowner policies are known as Forms. Talk to your agent or insurance company to determine which Form best fits your needs.

Let's Talk About the Different Forms

The Homeowners Broad Form (Form 2) covers the **dwelling, other structures** (such as a detached garage or shed), **personal property, personal liability, and medical payments**. The Broad Form policy covers **perils** specifically named in the **policy**. In a Broad Form policy if the **peril** is not named, it is not covered.

The **Homeowners Special Form (Form 3)**, also covers damage to the **dwelling, other structures, personal property, personal liability, and medical payments**. The difference between the Broad Form and the Special Form is that the Special Form tells you specifically which **perils** it will not cover. This form provides more coverage for the home and **other structures** than the **Broad Form**.

The **Homeowners Comprehensive Form (Form 5)**, provides broader coverage than Forms 2 and 3, especially for your personal property. Many additional coverages available on an optional basis on **Form 3** are automatically included in the **Homeowners Comprehensive Form**.



If you have an older home for which the cost to rebuild is significantly higher than its market value, the **Modified Coverage Form (Form 8)** is available. **Insurers** generally do not want to offer standard insurance coverage that far exceeds the market value of the home because this may provide an incentive to commit insurance fraud. The **Modified Coverage Form** provides “functional replacement cost” coverage meaning older materials used in the home’s construction that are no longer available can be repaired using materials commonly available today. The form provides similar, but less coverage than the **Broad Form**.

Your landlord’s homeowners insurance does not cover your belongings. Often referred to as **renters insurance**, the **Contents Broad Form (Form 4)** provides protection against damage to or theft of your personal property. It can also protect you if someone falls or gets hurt on the part of the premises you rent. Renters insurance is often overlooked. For a small premium, you can save a lot of money if something happens. You must request and obtain the specific amount of coverage you need with a renters insurance policy.

If you own a condominium, the **Unit-Owners Form (Form 6)** is for you. This form is designed for condominium owners and offers coverage similar to that provided to homeowners with the Broad Form. This type of policy insures the contents and property not covered by the condominium association’s policy. You must request and obtain the specific amount of coverage you need.

What is Not Covered?

The coverage provided depends upon the type of **policy** you buy, but there are some common **exclusions** found in most homeowners policies. They include but are not limited to earthquake (for which coverage can typically be separately purchased); collapse; flood; mold; fungus; wet rot; wear and tear; mechanical breakdown; smog; rust; corrosion; dry rot; smoke from agricultural smudging or industrial operations; discharge, dispersal, seepage, migration, release or escape of pollutants; settling, shrinking, bulging or expansion, including resultant cracking of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs, or ceilings; birds, rodents, or insects nesting or infestation, or discharge or release of waste products or secretions by any animals or animals owned or kept by an **insured**. Be sure to talk to your agent or insurance company about **exclusions**.

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What Should I Know Before I Start to Shop?

You should know what coverage you need, as well as the **limits** and **deductible** amounts that are right for your situation. Also, you should have the following information available:

- 1 Lender contacts and mortgage documentation
- 2 Information on home improvements, i.e., new roof, repairs, etc.
- 3 Home inventory, with photographs
- 4 Appraisal for any special items, such as jewelry, furs, antiques, coins, guns, art, etc.



How Do I Create a Home Inventory Checklist?

A home inventory checklist can be invaluable when deciding how much insurance coverage fits your life situation. The checklist makes sure you are adequately protected should you need to file a claim. The National Association of Insurance Commissioners (NAIC) offers the following advice on how to create a home inventory checklist.

- Group your possessions into logical categories, i.e., by hobby, by room in your home, etc.
- Your list should include celebration purchases like jewelry and art, as well as everyday leisure items such as televisions and guitars.
- Don't forget items you use rarely such as holiday decorations, sports equipment, tools, etc.
- Pull together copies of original sales receipts and/or appraisal documents. Also note model and serial numbers.
- Carefully photograph or videotape each item and document a brief description, including age, purchase price and estimated current value.
- Store your home inventory and related documents in a safe, easily accessible place online, on your computer or in a fire-proof box or safe deposit box. Consider sharing a copy with friends, relatives and your insurance provider.
- The NAIC's free **myHOME Scr.APP. book** downloadable app lets you quickly photograph and capture descriptions of your possessions room by room, then store electronically for safekeeping. The app is available for **iphone®** and **Android** devices. Click [here](#) to watch the demonstration video.

If paper checklists are better for you, feel free to print out the checklist from the NAIC on the last page.

How Does an Insurance Company Figure My Premium?

Many factors affect the **premium** you pay, including the insurance company you use. The National Association of Insurance Commissioners (NAIC) provides the following list of things that could affect your **premium**.

The characteristics of your home



- The cost to rebuild your home. This is not the same as the purchase price (which includes the cost of the land). Your insurance agent might help you estimate **replacement cost** using information about your home and its contents.
- Whether your home is made of brick or wood. The **premium** usually is lower for homes that are primarily brick or masonry than for wood frame homes.
- The distance from your home to a water source or fire department and the quality of your community's fire protection services.
- The age and condition of your home. The **premium** often is higher for older homes and homes in poor condition than for newer homes and homes in good condition.
- The claims history of your home and of homes in your area.

Your choices and characteristics

- The coverages you choose, including optional **endorsements**.
- The **deductible** you choose.
- Insuring your home and autos with the same insurance company.
- The length of time you've been with your current insurance company.

Always be sure to shop around for both price and coverage. Prices for similar coverage can vary greatly among companies.

- Your credit history. To access your credit report, the insurance agent might ask you for your Social Security number. In many states, **insurers** use your credit history as a factor to decide whether to sell you insurance and what price to charge you.
- Your history of filing **claims** for water damage, fire, theft, or liability on homes you've owned.

Other characteristics

- Having protection devices in your home, such as smoke detectors, a burglar alarm, a sprinkler system, dead bolts on doors, or security devices for windows. Many **insurers** offer a discount if you have any of these.
- Having a wood furnace or wood stove.
- Having a swimming pool, trampoline, or playscape that could cause injuries.
- The types of pets you have. Some **insurers** won't insure you if you own certain breeds of dogs.
- Operating a business from your home.

Know How to Save

Always be sure to shop around for both price and coverage. Prices for similar coverage can vary greatly among companies. In other cases, the company offering the cheapest price might also be offering the least coverage. It is important to know what you are paying for.



Shopping around isn't the only thing you can do to get the best price for the best coverage. Here are some other ideas for you to use.

Discounts

Be sure to ask if there are any discounts available. Some **insurers** offer lower prices for things such as insuring your home and car with the same company and installing smoke detectors, burglar alarms, dead bolt locks, and fire extinguishers.

Deductibles

By choosing a higher **deductible** you may be able to lower your **policy** cost. Just remember that the **deductible** you choose is what you are responsible for paying out of pocket in the event you file a **claim**.

If you choose to purchase a percentage **deductible** that is based on the **replacement cost** of your home, the amount you owe could add up. For example, if your home is insured at a **replacement cost** of \$200,000 with a 2 percent wind and hail **deductible** and the roof is damaged due to wind and hail, you would be responsible for the first \$4,000 worth of damage.

Where to Buy Insurance

Now that you know what to look for and some ways to save money when choosing your homeowners insurance, let's talk about where to buy a **policy**.

Agents

Agents (or producers) are individuals available locally to address your insurance needs. Local agents can be independent or exclusive. Independent agents can compare policies and sell you the one that best fits your needs among the multiple insurance companies they represent. Exclusive agents can only offer you coverage from the company they represent.

Direct

Some insurance companies sell their policies directly over the phone or Internet without using agents. In some cases, you can choose to interact with a direct company exclusively over the Internet.

Most insurance companies and many agents advertise. Check the newspaper, Yellow Pages, and the Internet for companies and agents selling

insurance in your area. Additionally, contact your neighbors, relatives, and friends for recommendations on insurance companies and agents. Ask them about their experience regarding price and service. Specifically, ask them what kind of claim service they have received from the companies they recommend.

What Questions Should I Ask an Insurance Agent?

If you are thinking about buying a home, you can ask an agent to estimate the cost of insurance for the home.

- What does the **policy** cover? What doesn't the **policy** cover? What are the **limits** to each of the coverages purchased?
- How much liability coverage do you recommend?
- What types of water damage does my **policy** cover? Does it cover mold?
- If I submit a **claim**, how will it impact my **premium**?
- Do I need to fix things if an insurance company asks me to?
- How can I check the home's claims history?
- Will a history of **claims** on a property impact my **premium**?
- Will my credit history affect how much **premium** I pay?
- Should I buy flood insurance or earthquake coverage?



If you are thinking about buying a home, you can ask an insurance agent to estimate the cost of insurance for the home or homes you are targeting.

How Can I Check a Home's Claim History?

How much you pay for homeowners insurance could be determined in part by past damage and insurance claims. Information on the date of any specific damages, the type of claim filed by the policyholder, and how much money was paid by the insurance company, over the past five years is in the Comprehensive Loss Underwriting Exchange (C.L.U.E.) Home Seller's Disclosure Report. The C.L.U.E. report is owned and maintained by LexisNexis Risk Solutions.

Homeowners' Insurance companies may use past damages and claims paid to set insurance premiums. Only the owner of a property can request a C.L.U.E. report. Homeowners get one free report per year under the Fair Credit Reporting Act. Home buyers can request a seller to provide a C.L.U.E. report. The report can reveal damages a seller may not otherwise disclose or know about.

Homeowners can ask their insurer whether information from a C.L.U.E. report is being used to set their premiums. Homeowners can also use the C.L.U.E. report to make sure the information is accurate concerning not only damages reported but repairs made. If you are ordering your C.L.U.E. report, you can contact LexisNexis at (888) 497-0011 or visit personalreports.lexisnexis.com.

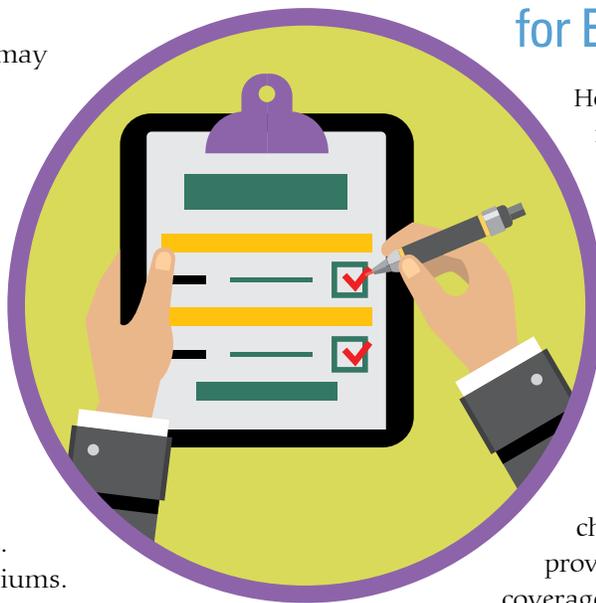
What Happens if I Can't Find a Company to Insure My Home?

Pennsylvania's "Fair Plan" guarantees the availability of basic fire insurance for your home. Information about the "Fair Plan" can be found online at www.pafairplan.com or by calling 1-800-462-4972.

Another alternative for homeowners who are unsuccessful in obtaining coverage for their home is

the surplus lines market. Surplus lines companies are permitted to issue policies to Pennsylvania residents, but are not licensed by the Insurance Department. Surplus lines policies are subject to many of the same insurance laws and regulations as licensed **insurers**; however, you will not be protected by the Guaranty Fund should the company become insolvent. The Guaranty Fund is similar to FDIC insurance for bank accounts. If your **insurer** is unable to pay your **claim**, the Guaranty Fund will pay it. However, the Insurance Department does monitor surplus lines companies to ensure their ability to pay **claims**.

What if I Use My Home for Business?



Homeowners insurance isn't designed to cover most business uses of your home but some policies may cover things partially. Your **policy** may cover your computer or laptop but you should check with your agent or company. If you watch children, your **policy** may provide a limited amount of coverage as long as you are not paid. If you are paid to provide day care services, you must buy more insurance to cover any related liability.

What Happens if I Buy a Policy from an Unlicensed Agent?

It is illegal for unlicensed agents to sell insurance. Business cards are not proof that an insurance agent or agency is licensed. If you do business with an unlicensed agent or agency, you have no guarantee that the coverage you pay for will ever be honored. If you purchase insurance from companies not legally doing business within Pennsylvania, you will also not be protected by the Guaranty Fund.

You can verify that an agent is licensed by visiting our website at www.insurance.pa.gov. Once on our site, click “Consumers” on the top bar and select “Find Insurance Professional.” If you suspect anyone or any entity is operating without a license, you may report it by calling the Insurance Department’s Anti-Fraud Compliance Division at 717-705-4199.

If you do business with an unlicensed agent or agency, you have **no guarantee** that the coverage you pay for will ever be honored.

I Have Homeowners/Renters Insurance. Am I Covered if There Is a Flood?

Probably not. It is important to be aware that the typical homeowners or renters **policy** does not cover damages resulting from a flood. Remember, there may be a waiting period for your flood **policy** to take effect. For example, there is a 30-day waiting period for National Flood Insurance Program (NFIP) flood insurance policies to become effective.

The Federal Emergency Management Agency (FEMA), which administers the NFIP, has many educational pieces to help consumers understand the basics of flood insurance, how to protect your home, and what to do if, in fact, you are the victim of a flood. In most cases, the information on FEMA’s website is available in English, Spanish, and other languages.

What Is a Flood?

The NFIP **Dwelling Policy** defines flood as:

1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:
 - a. Overflow of inland or tidal waters,

- b. Unusual and rapid accumulation or runoff of surface waters from any source,
- c. Mudflow.

2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

Should I Consider Flood Insurance?

Flood damage can happen to you, no matter where your home, apartment, or business is located. You can buy flood insurance even if your property is not located in a Special Flood Hazard Area (SFHA). Mortgage lenders, pursuant to federal law, may require homeowners to purchase flood insurance if the property is located in a high-risk flood zone. Flood insurance can be purchased through licensed property and casualty insurance agents in Pennsylvania to cover almost any building and its contents, including rental property and condominiums. Tenants can buy protection for their belongings as well.

When purchasing flood insurance, it is important for consumers to consider the kind of coverage they need.

How Can I Buy Flood Insurance?

Although flood insurance has traditionally only been available to homeowners or renters through the NFIP, today there are more options for consumers to consider. Flood insurance is now available through private **insurers**, including surplus lines **insurers**. The Insurance Department advises consumers to speak with their lenders to ensure that they are willing to accept a surplus lines **policy**. For a list of

licensed agents who can discuss surplus lines, visit our web page at www.insurance.pa.gov.

When purchasing flood insurance, it is important for consumers to consider the kind of coverage that they need. **Insurers** offer different types of flood insurance policies: **dwelling**—the structure of your home, and contents—your **personal property** within the **dwelling**.

What Should I Know About Private Flood Insurance?

Many consumers now have the option of purchasing flood insurance through private **insurers**. Consumers can purchase private flood insurance through providers licensed in Pennsylvania, or through surplus lines carriers.

If you have NFIP coverage now and choose to pursue private coverage, your **premium** could increase significantly if you choose to return to the NFIP at a later date. Also, you may be precluded from certain hazard mitigation grant programs available through FEMA and the NFIP if you choose private flood insurance to insure property located in an



area which is prone to flooding. For more information regarding hazard mitigation grant programs, please visit the PEMA and DCED (PA Department of Community and Economic Development) websites.

For a list of licensed private **insurers** that offer **dwelling** and contents flood insurance policies, visit our web page at www.insurance.pa.gov.

For consumers who may have been redrawn into SFHA, or whose property is only partially in a SFHA plain, surplus lines policies may offer significant savings. For consumers whose properties fall well within SFHA or pose a high risk of flooding, the NFIP may be the only option.

The Insurance Department advises consumers to speak with their lenders to ensure that they are willing to accept a surplus lines **policy**. For a list of licensed agents who can discuss surplus lines, visit our web page at www.insurance.pa.gov.

I've Been Redrawn into Flood Hazard Areas. Now What?

If your home has been drawn into a SFHA and you believe it to be in error, you can appeal the decision by calling 1-877-FEMA-MAP or visiting the FEMA website. To appeal your home's placement in a Special Flood Hazard Area (SFHA), you must show that the lowest adjacent grade, or the lowest ground touching the structure, is at or above the Base Flood Elevation, the level to which water is expected to rise in the 100-year flood projection FEMA uses to designate SFHAs. It is the homeowners' responsibility to provide this information to FEMA in written form, but there is no charge to the consumer for this Letter of Map Amendment. However, you will likely need to hire a professional to determine whether the Lowest Adjacent Grade is above the Base Flood Elevation.

Flood insurance can be purchased for almost any insurable property, even if it is not located in a SFHA. An insurance agent or broker can assist you in purchasing flood insurance. To obtain information on flood insurance, please visit the insurance department's one-stop shop for flood insurance information. From www.insurance.pa.gov, select "flood" from the drop-down list under "Coverage."

What if There Is a Sinkhole or Earth Movement?

Damage caused by sinkholes or earth movement are typically not covered by homeowners policies unless requested and specifically purchased at an additional cost. When natural running water seeps into the soil and erodes underground limestone or dolomite deposits, a cavern is formed. When the roof of the cavern caves in, a sinkhole is formed. Earth movement is categorized as earth shifting, rising, or sinking. Communities above old mines may fall

victim to mine subsidence, the “caving in” of old abandoned mines. Residents in these communities can purchase mine subsidence coverage through the Department of Environmental Protection. Refer to www.dep.state.pa.us/msihomeowners or call 1-800-922-1678.

Does My Policy Cover an Earthquake?

Your homeowners’ **policy** most likely does not cover damage caused by an earthquake. For an additional **premium**, you can purchase an earthquake **endorsement** for your homeowners’ **policy** that will protect your home in case of an earthquake.

Filing a Claim

If you have a **claim**, read your **policy**. Your **policy** is the guide to the types of losses that may or may not be covered. How often you file a **claim** and the types of **claims** you file often affect your **premium**. To file a **claim**, contact your insurance company as soon as possible. Follow the instructions given by your **insurer** and keep a record of the people you spoke with. Records should include date, name, and title.



- Save all your receipts. Be sure to give your insurance company all the information it needs or your **claim** may be delayed.
- Take photographs/video before you clean up or begin repairs.
- After you’ve documented the damage, make the repairs necessary to prevent further damage. Do not make any permanent repairs before the insurance company is able to inspect the damage and your insurance carrier approves the repairs.



Always ask questions if you don’t understand.

- Always ask questions if you don’t understand.
- Don’t rush to a settlement. If possible, determine what it will cost to repair your property before you meet with an insurance company representative who will assess the damage to your property. If you and your insurance company disagree on the offer made to repair your property, be prepared to negotiate if necessary. If you and your **insurer** still disagree about the value of a **claim**, check your **policy** for an appraisal clause. Another option is to hire an attorney or a public adjuster.

A public adjuster is a professional claims handler, licensed and regulated by the state. A public adjuster is employed by you, the policyholder, to assist with the claims process. You can verify that a public adjuster is properly licensed by visiting our website at www.insurance.pa.gov. Once on our site, click “Consumers” on the top bar and select “Find Insurance Professional.” If you suspect anyone or any entity is operating as a public adjuster without a license, you may report it by calling the Insurance Department’s

Your homeowner’s policy most likely does not cover damage caused by an earthquake.

Anti-Fraud Compliance Division at 717-705-4199.

- Be sure you are working with a reputable, dependable contractor who is appropriately registered and insured. Home-improvement contractors that do more than \$5,000 of business per year in Pennsylvania must register with the Attorney General's Bureau of Consumer Protection. Ask the contractor for his or her Home Improvement Contractor (HIC) number and verify his or her registration by calling the Attorney General's Home Improvement Registration toll-free line at 1-888-520-6680.

Remember, many municipalities require that skilled tradesmen, like electricians and plumbers, be licensed in addition to being registered.

- Don't sign paperwork with sections left blank. Someone can fill in the information after you sign the paperwork.
- Don't pay the contractor in full or sign that the work is complete until the work is actually completed.
- Be cautious of contractors with work vans/trucks that have out-of-state license plates and/or lack signs or insignias identifying the company name.

If your **claim** is denied, review the terms of your insurance **policy** for what is or is not covered. You may also file an appeal to your insurance company's claim manager. If questions remain, you should contact the Insurance Department's Bureau of Consumer Services. Our toll-free hotline is 1-877-881-6388.

No matter how much insurance you carry, no insurance **policy** can adequately compensate you for all your pain, trauma, and inconvenience following a disaster. Be sure to:

The laws in Pennsylvania **do not allow** and insurance company to terminate a homeowner's insurance policy for "claims" or "loss history."

- Install appropriate smoke detector(s). These can give you early notice of a fire and may save your life. Cost is minimal.
- Practice home evacuation drills.
- Keep your **policy** and other important personal items in a safe place such as a fire safe.

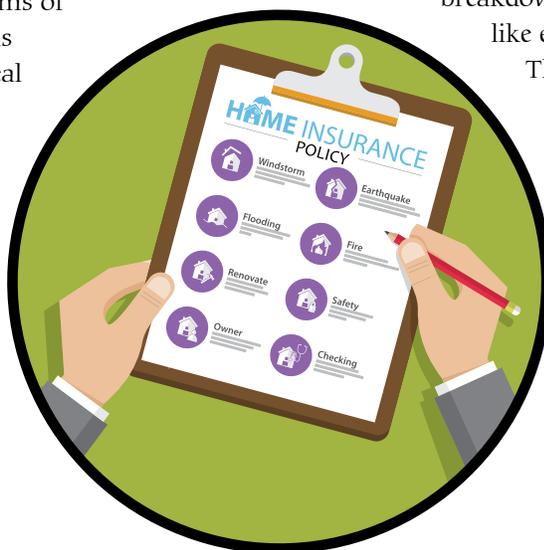
I'm a New Homeowner. Are There Other Types of warranties Related to Purchasing a Home?

Private mortgage insurance or PMI is usually required by a lender if your down payment is less than 20 percent. PMI protects the lender if you default on your mortgage. PMI **premium** is usually included in your monthly mortgage payment.

Title insurance protects you and the lender against monetary loss due to errors in the home title.

Many individuals purchasing a home will buy a home warranty, which covers mechanical breakdown of parts of the home like electrical or plumbing.

This policy does not cover the home's structure and many times does not cover appliances. Always review your policy to understand what is covered and what is not covered. These warranties are not regulated by the Insurance Department.



What Should I Do If I Lose My Insurance?

Immediately contact your agent or your insurance company for specific details. Pennsylvania law allows companies to cancel or non-renew policies for certain reasons. If you are not satisfied with your company's explanation, submit your notice along with a statement detailing the reasons you disagree with the action to the Pennsylvania Insurance Department. The statement must be received by the Insurance Department within 10 days of your receipt of the cancellation/non-renewal notice.

Can an Insurance Company Cancel My Policy if I Do Not Pay My Premium on Time?

Your insurance company can cancel your policy if you do not pay your premium on time. Pennsylvania insurance law does not require companies to extend a grace period for premium payments.

Can an Insurance Company Cancel My Policy Because of Too Many Claims?

The laws in Pennsylvania do not allow an insurance company to terminate a homeowner's insurance policy for "claims" or "loss history."

If an Insurance Company identifies a hazard on my property and I do not fix it, can they cancel my policy?

Homeowners do need to respond to the request of the insurance company or they could risk losing coverage. Insurance companies do have a right to manage the risks they insure on a property, within reason. If you have questions about a request, you can call the Pennsylvania Insurance Department. We ensure the insurer's requests are reasonable and the homeowner is given sufficient time to make repairs.

Is There a Free Look Period for Insurance Companies?

An insurance company has 60 days to underwrite and investigate your application. The company has the right to refuse or cancel your coverage for various reasons within the first 60 days. However, the company may not refuse someone because of age, marital status, occupation, or any other unfairly discriminatory reason.

Whether you have a general question, or want to file a complaint, you can get help online at Consumer Services. Go to:

www.insurance.pa.gov

or contact us toll-free at

1-877-881-6388.

Homeowners Insurance Glossary - a Supplement to the Homeowners Insurance Guide

These definitions are offered to give you a general understanding of the terms you may hear that are associated with **homeowners insurance**. Please note that your individual company may define similar terms differently. The definitions page in your **policy** is the final authority regarding your coverage.

Actual Cash Value

The replacement cost of your home minus depreciation (i.e., for age and wear and tear).

Additional Living Expenses/Loss of Use

Pays for additional living expenses if you can't live in your home (because of a covered loss) while it's being repaired.

Broad Form (Form 2)

Covers the dwelling, other structures (such as a detached garage or shed), personal property, personal liability, and medical payments. The Broad Form policy covers perils specifically named in the policy. In a Broad Form policy, if the peril is not named, it is not covered.

Claim

Notice, typically from the policyholder, to an insurance company that a loss has occurred which may be covered under the terms of the policy.

Comprehensive Form (Form 5)

Provides the same coverage as the Special Form policy plus additional coverage for contents. The coverage in the policy is open perils.

Contents Broad Form (Form 4)

Often referred to as renters insurance. This coverage provides protection against damage to or theft of your personal property. It also protects you if someone falls or gets hurt on the part of the premises you rent. Renters insurance is often overlooked. For a small premium, you can save a lot of money if something happens. You must

request and obtain the specific amount of coverage you need with a renters insurance policy.

Deductible

The amount a policyholder is responsible to pay up front before covered benefits from the insurance company are payable.

Dwelling

A place of residence like a house or apartment (renters insurance).

Endorsements

A policy form that amends the main policy. More often than not, endorsements provide coverage in addition to that which is provided on the base policy for an additional cost. One example is the Earthquake Endorsement.

Exclusion

A provision in the policy that explains what is not covered.

Insured

The person(s) entitled to covered benefits in case of a loss or accident.

Insurer

The insurance company who issues the insurance policy and agrees to pay for losses and provide covered benefits.

Limits

The maximum amount of benefits the insurance company agrees to pay under an insurance policy in the event of a loss.

Medical Payments

Provides coverage for medical bills for people hurt on your property or by your pet.

Modified Coverage Form (Form 8)

Provides coverage for older homes.

Non-Renewal

The termination of an insurance policy on its annual anniversary date.

Peril

A type of covered loss such as hail or windstorm.

Personal Liability

Protects you, your relatives in the household and residents in your household under the age of 21 if you are sued and found legally responsible for injury or damage to their property. This coverage also extends to students under the age of 24 enrolled full-time at school or college (with certain exceptions).

Personal Property

Items you own that typically are found within the dwelling or other structures such as furniture, appliances, electronics, lawn equipment, clothing, etc.

Policy

A contract that states the rights and duties of the insurance company and the insured.

Premium

Price paid to the insurance company for an insurance policy.

Producer (agent)

An individual or organization authorized to sell, solicit, negotiate, and service insurance policies for an insurance company.

Open Perils

There is coverage as long as the cause of the loss is not specifically excluded.

Other Structures

Structures not attached to the dwelling. These include detached garages, sheds, fences, guest houses, etc.

Quotation or Quote

An estimate of the cost of insurance based on the information supplied to the insurance producer (agent) or company. This amount may change depending upon findings during the underwriting process.

Replacement Cost

The amount it would take to replace or rebuild your home or repair damages with materials of

similar kind and quality without deducting for depreciation.

Riders/Scheduled Personal Property Endorsement

This is purchased if you have items like jewelry, expensive collections, cameras, etc. that would exceed the amount your coverage your policy offers.

Special Form (Form 3)

Covers damage to the dwelling, other structures, personal property, personal liability, and medical payments. The difference between the Broad Form and the Special Form is that is that the Special Form tells you specifically which perils it will not cover. This form provides more coverage for the home and other structures than the Broad Form.

Surcharge

An extra charge applied to the premium by an insurance company at renewal, usually applied as a result of a claim.

Underwriting

The initial 60-day time frame wherein the company processes and investigates the information provided on the application. The results of this process determine acceptability and the premium.

Unit Owners Form (Form 6)

This form is designed for condominium owners and offers coverage similar to that provided to homeowners with the Broad Form. This type of policy insures the contents and property not covered by the condominium association's policy. You must request and obtain the specific amount of coverage you need.

Questions?

For more information on
home insurance, visit:

www.insurance.pa.gov
and click "home" under Coverage

or

call the department at
1-877-881-6388

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