

## A Guide to Your Homeowners Policy

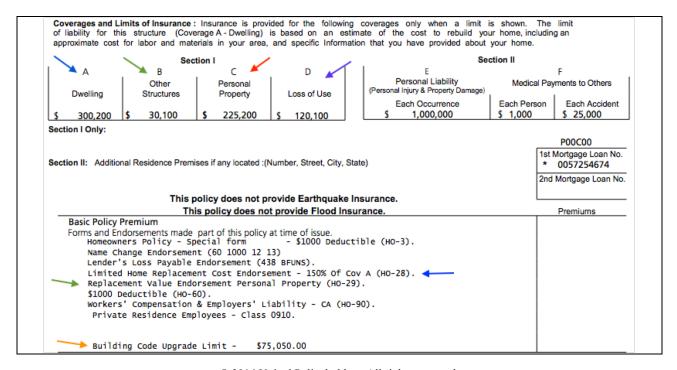
Insurance policies are usually divided into sections or categories by **what is covered** and the **maximum amounts** the insurer will pay in the event of a loss. Here's a basic summary of the main types of coverage in a typical homeowner's policy. You'll need to do some math and piecing together to 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.



## **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 <u>possibly B and D</u> 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.

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