Home Insurance Basics

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Form Type: There are two main form types, Basic and Broad. A basic policy usually called an HO-A covers just the few things that it lists on a policy. A broad policy usually listed as an HO-3, HO-5 or HO-B lists the few things it does not cover but everything else is included. A broad form policy would be preferential if possible.

Replacement Cost Vs. Actual Cash Value Replacement cost is the amount it would cost to replace a damaged item or structure with no depreciation. Actual Cash Value is what a given item or structure is worth at the time of loss. Actual cash value takes in to account depreciation over time and a Replacement Cost policy is prefered..

Amount of Coverage The amount of coverage is the limit you will be paidout for a covered loss for that specific area of coverage. Remember the Amount of coverage is only the totalyou could be paid but it is important to know what “Form Type” you have to know if you will be paid for the claim.

Dwelling Amount, Other Structures & Contents Dwelling amount is the limit your insurance company will pay to the house and any structure attached by a breezeway. Other Structures are sheds, gazebos, fences not attached to the house by a breezeway. Contents coverage is coverage for your things inside the home. These are the things you would take with you if you sold the house and can include some appliances.

Loss of Use Loss of Use covers you when you have to be out of your home for a covered loss. This pays for a hotel or rent house when your house is being put back correctly. As well it covers the cost of eating out, dry cleaning yoru cloths or renting furniture. Any cost you incur when you can't live in your home.

Liability & Medical Payments Liability Coverage pays out individuals that would be physically hurt and you were deemed liable for the damages. Medical payments is lesser coverage and usually covers small claims or deductibles so the third party is taken care and isnt sueing you.

Special Limits Special limits of liability is an extension of your contents coverage. It separates certain things like jewelry, collections and tools and sets a limit to how much the insurance company will pay for them. These are limits to your contents coverage and not an addition to your coverage.

Deductibles Deductibles are the amount that you have to pay before the insurance company will cover your claim. Usually this is a percentage of the dwelling amount.

Notes:

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