

insurance without violating the coinsurance clause. Payment for losses depends on whether the damaged or destroyed property is repaired or replaced.

Perils covered are listed in the policy. Liability and medical payments coverages are also part of the HO-8.

HOW PREMIUMS ARE DETERMINED

Some of the factors that determine homeowners or renters insurance premiums include:

- **Type of construction:** With the exception of earthquake coverage (available through policy endorsement), a frame house usually costs more to insure than brick.
- **Local fire protection:** Proximity to the nearest fire station and hydrant.
- **Amount of coverage:** The more coverage selected, the higher the premium.
- **Claims frequency:** Submitting bona fide claims after years of paying premiums is fine, but a frequent claims history or filing frivolous claims may jeopardize your future insurability.

HOW MUCH COVERAGE IS ENOUGH?

It's important to know the replacement cost of your home so that you can insure it properly. Your homeowners insurance will fully pay for a partial loss, minus the deductible. If you carry less than 80% of your home's replacement cost, you may have to share in the percentage of loss.

If you have not reviewed your homeowners coverage with your insurer in the past few years, you may find that you are underinsured. This is especially true if you've made home improvements such as a room addition or major remodeling. Many companies offer "inflation guard protection," which automatically increases your policy coverage by a stated percentage annually to keep pace with construction costs.

SAVING MONEY ON HOMEOWNERS INSURANCE

OII offers these insurance cost-saving tips for Ohioans:

- **Comparison shop.** Check with several insurance companies and agents. Service should be a major consideration, as well as the company's claims handling process and financial stability.
- **Raise deductibles.** By raising deductibles, you're responsible for smaller losses, lowering your premium and chances for frequent claims and financial stability.
- **Ask about discounts.** Many companies provide discounts for installing smoke detectors, monitored security systems, or for carrying another policy with them (auto).
- **Stay with your insurer.** Longevity with an insurer can save 5% or more in 3–5 years.
- **Avoid filing excessive claims.** The more you file, especially small ones, the greater the likelihood that future premiums will reflect this.
- **Keep tabs on credit.** Insurers utilize many resources in determining homeowners insurance premiums. An insurance score, used by many insurers, is a snapshot of your insurance risk based on information in your credit report. More insurance scoring information is available at www.ohioinsurance.org/newsroom/current_issues.asp.
- **Use the Ohio Department of Insurance Shopper's Guide for Homeowners Insurance.** Available online at www.ohioinsurance.gov/consumserv/ocs/ocspub.htm.

● FOR MORE INFORMATION ●

OII offers free consumer brochures covering a variety of homeowners and auto insurance issues, consumer safety tips and insurance laws. Or visit our Web site for a variety of consumer related materials available for downloading at www.ohioinsurance.org.

Online version of **Home, Renters & Condo Insurance** available at www.ohioinsurance.org/consumers/fact_pak.asp.

HOMEOWNERS, RENTERS & CONDO INSURANCE



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WHAT'S COVERED

- **Property covered:** Homeowners insurance generally protects the home and personal property from losses caused by fire, lightning, windstorm, theft and other listed perils. More importantly, it provides liability protection.

Renters insurance protects possessions such as furniture, clothing, appliances and other valuables, while providing personal liability coverage, too (not the building). For condominium owners, the same applies with additional limited coverage provided for building additions and alterations inside the individual unit.

A homeowners policy protects the home and detached structures (like a garage or tool shed) on the property not used for business purposes. The policy states limits of coverage for each type of loss and in some cases provides limited coverage for certain types of property such as boats, jewelry and fine art.

- **Liability Coverage:** All homeowners forms include liability coverage, providing protection if you are sued by persons who claim your negligence caused them injury or damage to their property. Liability coverage also extends to accidents occurring away from home caused by you, a family member or your pets. If a suit is filed, the insurance company covers your cost of defense whether found liable or not, up to the policy coverage limits. Defense costs do not affect the liability coverage limits.
- **Medical Payments to Others:** Regardless of fault, your policy covers accidental injuries to non-residents whether they're injured on your premises or elsewhere if caused by you, a family member or pets. This coverage is also provided up to the limits stated in your policy.
- **Damage to Property of Others:** Regardless of fault, your policy covers minor damages (up to \$500) caused accidentally by you or someone in your family to another person's property. Damage caused by children under age 13 is covered, whether accidental or intentional.
- **Loss of Use:** If your home, condo or rental property becomes uninhabitable due to an insured loss, coverage for above-normal expenses (like a motel room and meal expenses) is provided up to the limit stated in your policy.

- **Supplementary Coverages:** Reimbursement is provided, up to specified limits, for debris removal, temporary repairs, fire department service charges and theft of credit cards.

WHAT'S NOT COVERED

An important part of all insurance policies is the "exclusions" section, which outlines perils not covered by the policy. A peril is the cause of a possible loss, such as fire, windstorm or theft. Typical homeowners, renters and condo exclusions include: floods, earthquakes, landslides, tidal waves, sewer and water backup, seepage, war and nuclear radiation. Other exclusions include:

- Mopeds and other motorized bicycles
- Transmission of communicable diseases
- Home day care-related activity
- Secondary dwellings on your property
- Home-based businesses

In many cases, you can "buy back" coverage for exclusions by purchasing endorsements, which can also be bought to increase the limits on certain coverages.

ENDORSEMENTS

To provide consumers with choices, insurance companies offer a variety of "endorsements." Policy endorsements modify or extend the coverage outlined in the basic policy. Check available endorsements when purchasing or renewing homeowners insurance, based on your particular needs.

Common endorsements to consider include:

- **Replacement Cost of Personal Property:** The policy only provides "actual cash value" for property losses (original cost less depreciation). This endorsement will insure property for its replacement cost rather than its depreciated value.
- **Scheduled Personal Property:** Certain types of personal property are provided limited coverage by a standard policy. For an additional premium, valuables can be covered to value. This includes jewelry, furs, cameras, fine arts, stamp and coin collections, and silverware. Companies require appraisals and/or sales receipts for scheduled personal property.

- **Special Loss Settlement:** Modifies the HO-2 and HO-3 policies by allowing the policyholder to carry less than 80% replacement cost and still retain replacement cost coverage on partial losses. It is used as an alternative to the HO-8.
- **Backup of Sewers and Drains:** Many insurance companies offer this endorsement. It provides coverage for sewer and drain backup, which often follows heavy rains or flooding. Some "preferred" homeowners policies provide this coverage. Be sure to check coverage limits, exclusions and deductibles as these vary by company.

TYPES OF POLICIES

Most insurance companies offer the following policy forms:

- **Homeowners 2 (HO-2 Broad Form):** Perils covered by the policy are specifically listed. If you do not understand the perils, ask for an additional explanation from your insurance agent or company representative.
- **Homeowners 3 (HO-3 Special Form):** Policy lists perils that are excluded from coverage. This is the policy used by most homeowners. Known as an "open-perils" policy, a peril is covered unless the policy indicates that coverage is excluded. The personal property coverage on an HO-3 is the same as an HO-2, but open-perils coverage can be extended to cover personal property as an endorsement.
- **Homeowners 4 (HO-4 Tenants Form):** Coverage for rental property. It covers personal property as well as liability protection and additional living expenses.
- **Homeowners 6 (HO-6 Condominium Form):** Coverage for condominium owners. It covers personal property and building additions and alterations to the inside of the owner's unit. The condominium owner can purchase endorsements to protect property and liability associated with his/her share in the condominium association's common ownership.
- **Homeowners 8 (HO-8 Modified Coverage Form):** Coverage for those who live in an older home whose replacement cost far exceeds its market value. This policy allows the homeowner to carry lower limits of