

Stay Covered: The Basics of Homeowner's Insurance

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What's in a Homeowner's Policy?

1. Coverage for the structure of your home.
2. Coverage for your personal belongings.
3. Liability protection.
4. Additional living expenses in the event you are temporarily unable to live in your home because of a fire or other insured disaster.

What's NOT Covered

- ◆ Building code upgrades
- ◆ Earthquake damage
- ◆ Flood damage

Other “Extras”

- ◆ Jewelry
- ◆ Fine art

Your Level Of Coverage

Regardless of whether you are an owner or renter, you have the following three options:

Actual Cash Value

This type of policy pays to replace your home or possessions minus a deduction for depreciation.

Replacement Cost

The policy pays the cost of rebuilding/repairing your home or replacing your possessions without a deduction for depreciation.

Extended Replacement Cost

Some insurance companies offer an extended, rather than a guaranteed replacement cost policy. An extended policy pays a certain percentage over the limit to rebuild your home. Generally, it is 20 to 25 percent more than the limit of the policy. For example, if you took out a policy for \$100,000, you could get up to an extra \$20,000 or \$25,000 of coverage.

Guaranteed Replacement Cost

Pays whatever it costs to rebuild your home as it was before the fire or other disaster even if it exceeds the policy limit. This gives you protection against sudden increases in construction costs due to a shortage of building materials after a widespread disaster or other unexpected situations.

What About Condos?

You will need two separate policies to protect your investment:

- ◆ **Your own insurance policy:** This provides coverage for your personal possessions, structural improvements to your apartment, and additional living expenses if you are the victim of fire, theft, or other disaster listed in your policy. You also get liability protection.
- ◆ **A Condo Board “master policy”:** This covers the common areas you share with others in your building like the roof, basement, elevator, boiler, and walkways for both liability and physical damage.

House-*Insurance* Hunting

- ◆ Construction
- ◆ Age of house
- ◆ Condition of roof and home
- ◆ Plumbing, heating and electrical
- ◆ Safety devices
- ◆ Pools, wood-burning stoves
- ◆ Location, location, location

Before You Bid ...

- ◆ Check the loss history report
- ◆ Get a thorough home inspection
- ◆ Contact an insurance professional
- ◆ Shop 'til you drop
- ◆ Check them out: www.insurance.ca.gov

Saving \$\$\$\$\$\$

- ◆ Take the highest deductible you can afford.
- ◆ Ask about discounts.
- ◆ Know your needs -- don't underinsure.

Typical Discounts

- ◆ Multi-policy
- ◆ Long-time policyholder
- ◆ Earthquake retrofitting
- ◆ Security systems
- ◆ Retiree
- ◆ Professional discounts

Online Resources

- ◆ IINC: www.iinc.org
- ◆ Insurance Info Institute: www.iii.org
- ◆ California Dept. of Insurance:
www.insurance.ca.gov

Thank you!

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