

Cut Homeowner's/Tenant's Insurance

Objective: To determine the coverage you will need on your homeowner's policy or tenant's insurance.

Time Required: Two to three hours.

Instructions: Contact your agent to make necessary changes on your homeowner's policy. Use the worksheets provided to complete the homeowner's checklist and to obtain homeowner's insurance quotes.

Checklist

Date Completed

1 Review the **Homeowner's Insurance Policies** and also use the **Homeowner's Insurance Checklist** to determine what coverage you need or to make changes to your current homeowner's policy.

2 Call different insurers to obtain quotes on homeowner's policies.

3 Buy tenant's insurance (HO-4) if you are currently renting.

Determine The Type Of Coverage You Need

Homeowner's Insurance Policies							
Peril	Basic HO-1	Broad HO-2	Comprehensive HO-5	Renters HO-4	Condo HO-6	Older Home HO-8	
1. Fire or Lighting							
2. Removal of endangered property							
3. Wind or Hail							
4. Explosion							
5. Riots							
6. Damage by an aircraft							
7. Damage by a vehicle							
8. Smoke							
9. Vandalism							
10. Theft							
11. Glass Breakage	↓						↓
12. Falling objects							
13. Damage from weight of snow or ice							
14. Building collapse							
15. Hot water heating system damage							
16. Water damage from plumbing or A.C.							
17. Frozen Pipes		↓			↓	↓	
18. Electrical Appliances Damage			↓				
<p>*HO-5 covers all possible perils except flood, earthquake, volcano, war, and nuclear accident. Some policies cover damage to property of guests, other do not. Condominium owners can purchase a special policy HO-6 to cover personal property or damage not covered by the condo master policy.</p>							

HO-1: Limited coverage policy

This "bare bones" policy covers you against the first 10 disasters. It's no longer available in most states.

HO-2: Basic policy

A basic policy provides protection against all 16 disasters. There is a version of HO-2 designed for mobile homes.

HO-3: The most popular policy

This "special" policy protects your home from all perils except those specifically excluded.

HO4-Renter

Created specifically for those who rent the home they live in, this policy protects your possessions and any parts of the apartment that you own, such as new kitchen cabinets you install, against all 16 disasters.

HO-6: condo/co-op

A policy for those who own a condo or co-op, it provides coverage for your belongings and the structural parts of the building that you own. It protects you against all 16 disasters.

HO-8: Older home

Designed for older homes, this policy usually reimburses you for damage on an actual cash value basis which means replacement cost less depreciation. Full replacement cost policies may not be available for some older homes.

Homeowner's Insurance Checklist

Review the tips in **Insurance Basics** and then use this checklist to help insure you have all the coverage you need but don't pay for duplicate or unnecessary coverage

- Don't include land in the rebuilding cost of home.** The land under your house isn't at risk from fire, theft or the other perils covered in your homeowner's policy.
- Update your coverage at least once a year.** To insure adequate coverage, notify your insurer if your home has appreciated in value and if you have added improvements or major purchases. Likewise, if you no longer run a business from your home or you no longer need extra coverage for furs, artwork or jewelry, cancel or decrease coverage for those items that no longer apply.
- Add Security.** Items such as dead bolt locks, burglar alarms, and smoke detectors can usually bring discounts of 5 percent each and a home-security system could get you a discount of 15 or 20 percent.
- When you're shopping for a home, compare the cost of homeowners insurance.** You could pay less for a home that is closer to a fire hydrant and it may cost you more for one that has outdated electrical, heating or plumbing systems.
- Ask about Senior Discounts.** If you're at least 55 years old and retired, you might qualify for as much as a 10 percent discount.
- Determine the costs of Actual Cash Value vs. Replacement Cost.** Actual cash value coverage reimburses the policyholder for the cost of the property at the time of the claim, minus the deductible. Replacement cost coverage will reimburse the full value of the item lost- after you purchase the new item and submit your receipts. The up front cost for Replacement coverage is greater, but you are more likely to receive accurate compensation for your possessions.
- Check the home's CLUE (Comprehensive Loss Underwriting Exchange) report.** These reports contain the insurance claim history of the property and can help you determine potential problem areas.
- Ask what isn't included and what additional coverage can be added.** Flood, hurricane, sink hole and earthquake damage are not usually covered by a standard homeowners policy. Most standard policies cover business equipment in the home only up to \$2,500 but offer no liability. If available, adding these additional riders to your existing policy is usually cheaper than taking out separate coverage.
- Drop Private Mortgage Insurance when requirements are met.** Some mortgage lenders require borrowers to carry expensive private mortgage insurance only until at least 20 percent of the equity has been paid.
- Condo / Co-op or Renters –** Ask your Condo Association or HOA for the company who issues the Master Policy for your community. They may offer a discounted rate for an individual owners or tenant's policy.

Compare Homeowner's Insurance Quotes

	Premiums/Limits		
	Insurer 1	Insurer 2	Insurer 3
Company	_____	_____	_____
Policy Type	_____	_____	_____
House	_____	_____	_____
Detached Buildings	_____	_____	_____
Trees, Shrubs, Plants	_____	_____	_____
Personal Property	_____	_____	_____
On Premises	_____	_____	_____
Off Premises	_____	_____	_____
Additional Living Expenses	_____	_____	_____
Comprehensive Personal Liability	_____	_____	_____
Medical Expense Payments	_____	_____	_____
Scheduled Item Endorsements	_____	_____	_____
Extended Theft	_____	_____	_____
Inflation Guard Replacement Cost	_____	_____	_____
Other	_____	_____	_____
Deductibles	_____	_____	_____
Total Annual Premium	_____	_____	_____

For further assistance or to obtain quotes, contact the Property Casualty Insurance Clearinghouse 1-800-445-3019