

Homeowners Insurance Coverage Summary

The **Homeowners Insurance Coverage Summary** provides a template for a summary of key terms of homeowners insurance policies, in a form accessible to consumers.

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Introduction

Homeowners need easily understandable information about insurance policies in order to evaluate their current coverage and to shop effectively for insurance. But insurance is the only product for which consumers don't know what they are buying before they buy it. Insurance companies almost never provide copies of policy language or complete summaries of policy terms to prospective policyholders, and most state insurance regulators don't require insurers to make policies readily available.

Even if consumers had access to policies, most of them wouldn't read or couldn't understand the long, complex, legal documents, or be able to anticipate the many ways in which a loss might occur or the problems that may result if it does.

Yet homeowners insurance policies vary widely among companies in what things and risks they cover—and don't cover—and what they pay for losses. Many people only discover the limitations of their coverage when they have a claim and find they don't have adequate coverage.

Therefore, there is a need for an accessible way for homeowners to evaluate and compare homeowners insurance policies.

The **Homeowners Insurance Coverage Summary** provides a template for an accessible summary of key terms, following the example of the Affordable Care Act's Summary of Benefits and Coverage.

The Affordable Care Act requires group health plans and health insurance issuers in the group and individual markets to provide a Summary of Benefits and Coverage that explains in simple terms the benefits available under their plans to help consumers better understand their health coverage and to compare plans. The regulations under the ACA specify the template for the SBC that includes prescribed Important Questions, Answers, and Why This Matters, and instructions for completing the template as to form and content.

We have used the SBC form to the extent possible. In addition to basic elements, the SBC includes Coverage Examples (e.g., “Peg is having a baby” and “Managing Joe’s Type 2 Diabetes.”) We have included a few Illustrations to provide similar information.

Homeowners insurance policies usually are organized in ways that are confusing to consumers. To make the comparison more accessible, we organized the terms as follows:

Property insurance measures coverage for the insured’s losses to the buildings, personal property, and related costs. Property insurance includes three subcategories:

- ***Things the insurance covers*** measures the types and amount of property and other potential losses the insurance covers.
- ***Risks the insurance covers*** measures the causes of loss covered.
- ***What the insurance pays*** measures how the insurance pays for damage to different types of property.

Liability insurance measures how well the insurance covers lawsuits brought by others for personal injury or property damage caused by the homeowner and certain family members.

Other issues measures other issues about claims.

To develop the terms of the policies that are most important for consumers to consider, we collected data on frequency and severity of losses from publicly available sources including the Insurance Information Institute, the National Association of Insurance Commissioners, and underwriting data filed by insurance companies with state regulators. We also accessed academic literature, trade press, and studies of policyholder experience to better understand what issues commonly arise and are important to homeowners.

The project documents include a Blank Template, Template with Options that prescribes the answers in standard form, a Sample Completed Template, and a Glossary.

Blank Template

Homeowners Insurance Coverage Summary



This Coverage Summary document will help you compare homeowners insurance policies and choose a policy. This is only a summary. Ask the insurance company or agent for more information. Refer to the policy quote or the policy's Declaration Page for important information about policy limits, deductibles, and price.

Homeowners insurance policies often are organized in ways that are confusing to consumers. To make the comparison and scoring more accessible, the summary is organized as follows:

Property insurance measures coverage for the insured's losses to the buildings, personal property, and related costs. Property insurance includes three subcategories:

- **Things the insurance covers** measures the types and amount of property and other potential losses the insurance covers.
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- **What the insurance pays** measures how the insurance pays for damage to different types of property.

Liability insurance measures how well the insurance covers lawsuits brought by others for personal injury or property damage caused by the homeowner and certain family members.

For general definitions of common terms ([highlighted](#)), see the [Glossary](#).

Important questions	Answers	What to know
<i>What things does the insurance cover?</i>		
What structures does the insurance cover?	(1)	The policy may not cover buildings used for business or some other types of structures. Ask about issues that are important to you.
What personal property does the insurance cover?	(2)	Most belongings are covered, with some exceptions. Ask about issues that are important to you. The policy limits what it will pay for specific property, discussed in What does the insurance pay?
What other things does the policy cover?	(3)	Ask about issues that are important to you.
<i>What risks does the insurance cover?</i>		
What risks to structures does the policy cover?	(4)	Different policies cover the dwelling and other structures on an all-risk or open perils basis, or on a named perils basis.
What risks to personal property does the policy cover?	(5)	Different policies cover personal property on an all-risk or open perils basis, or on a named perils basis.
What major risks are not covered under the policy?	(6)	Whether the policy is all-risk/open perils or named perils , some important causes of loss are not covered.

<p>What damage from water is covered?</p>	<p><u>Water leaks</u> (7)</p> <p><u>Water backup</u> (8) (9)</p> <p><u>Runoff</u> (10)</p>	<p>Leaks from plumbing or other sources can be sudden, such as a pipe bursting, or slow, such as a pipe which drips over time. Leaks may be immediately apparent or not discovered for a period of time.</p> <p>Separate endorsements may be available for purchase to cover other water losses.</p>
<p>What damage from mold is covered?</p>	<p>(11)</p> <p>(12)</p> <p>(13)</p>	<p>Mold (which includes fungus and wet or dry rot) can result from a variety of causes. It can be obvious, such as when water to put out a fire causes mold, or hard to discover, such as mold caused by a plumbing leak inside a wall. Testing may be necessary to determine the presence and extent of mold.</p>
<p>What causes of collapse of a building are covered?</p>	<p>(14)</p> <p>.</p>	<p>Collapse means a sudden falling down of a building or part of it so it is uninhabitable.</p>
<p>What other risks are covered?</p>	<p>(15)</p>	<p>Ask about issues that are important to you.</p>

What does the insurance pay?

All payments are limited by the policy's general deductible. Special deductibles also may apply to certain losses.

What does the insurance pay for damage to buildings?

(16)

Different policies pay [Replacement Cost](#), [Guaranteed Replacement Cost](#), [Extended Replacement Cost](#), or [Actual Cash Value](#).

Illustrations:

1. A kitchen fire requires replacement of the cabinets and countertops. The total cost is \$15,000. [Replacement Cost](#) coverage pays the full cost, \$15,000.

[Actual Cash Value](#) pays the depreciated cost; because the kitchen was older, the value of the cabinets and countertops before the fire was less than new items, so the insurance pays less, perhaps \$7,500.

2. A fire requires rebuilding of substantially all of the house. The cost to rebuild is \$200,000. The [policy limits](#) are \$150,000. (The cost to rebuild may be higher than the [policy limits](#) because of inflation or because the [policy limits](#) were too low.)

[Replacement Cost](#) pays \$150,000, the cost to replace up to the [policy limits](#). The homeowner must pay the balance.

[Extended Replacement Cost](#) of 20% pays the policy limits (\$150,000) and 20% more (\$30,000), for a total of \$180,000. The homeowner must pay the balance.

[Guaranteed Replacement Cost](#) pays the full cost to rebuild (\$200,000).

<p>What does the insurance pay for damage to personal property?</p>	<p>(17)</p>	<p>Different policies pay Replacement Cost, Guaranteed Replacement Cost, Extended Replacement Cost, or Actual Cash Value.</p> <p><u>Illustration:</u></p> <p>A living room fire requires replacement of rugs, furniture, and a television. The total cost to buy replacements is \$10,000. Replacement Cost coverage pays the full cost, \$10,000. Actual Cash Value pays the depreciated cost; because the items were older, their value before the fire was less than new items, so the insurance only pays less, perhaps \$3,000.</p>
<p>Does the insurance limit payment for specific items of personal property?</p>	<p>(18)</p>	<p>Limitations are common. Ask about issues that are important to you.</p>
<p>Does the insurance limit payment for damage to roofs?</p>	<p>(19)</p>	<p>Different policies pay for damage to roofs as for any other part of the building, according to a depreciation table, or Actual Cash Value. Other restrictions may apply.</p> <p><u>Illustration:</u></p> <p>A fire destroys the roof. The cost to replace it is \$25,000. Under Replacement Cost coverage that does not limit payment for damage to roofs, the insurance pays \$25,000.</p>

		<p>Under a depreciation table, the insurance pays a depreciated amount, such as \$13,750 for a 15-year-old roof or \$6,250 for a 25-year-old roof.</p> <p>Under Actual Cash Value, the insurance pays depreciated amounts like those under a depreciation table.</p>
<p>Does the insurance pay the increased cost of repairs to comply with a building code that has higher requirements than the code in effect at the time the property was built?</p>	<p>(20)</p>	<p>Different policies pay the increased cost to comply with the building code, limit that coverage to a percentage of the policy limits, or do not pay the increased cost to comply with the building code.</p> <p><u>Illustration:</u></p> <p>A fire requires that 60% of the house be rebuilt. Under many building codes, a house that is more than 50% damaged must be entirely rebuilt to conform to the building code. The cost to rebuild the damaged portion is \$120,000 and the undamaged portion, \$80,000. The policy limits are \$200,000.</p> <p>Insurance with Replacement Cost coverage and Building Code Upgrade pays \$200,000, less the deductible.</p> <p>Insurance with Replacement Cost and 10% Building Code Upgrade pays \$120,000 + \$20,000 (10% of \$200,000), or \$140,000, less the deductible.</p> <p>Insurance with Replacement Cost but without Building Code Upgrade pays \$120,000, less the deductible.</p>

<p>How much does the insurance pay for the increased cost of living away from home while repairs are made?</p>	<p>(21)</p>	<p>Additional Living Expense covers the increased cost of living away from a home which is uninhabitable while repairs are made, such as rental of a substitute house. Different policies pay for as much Additional Living Expense as is needed or can limit the payment.</p>
<p>Does the insurance pay to buy a replacement home at another location?</p>	<p>(22)</p>	<p>If a homeowner decides to build or buy a different house rather than rebuild the house that was destroyed, payment under this term covers the cost, up to the Replacement Cost of the original house and the policy limits.</p> <p>If this term is not included and if a homeowner decides to build or buy a different house rather than rebuild the house that was destroyed, payment is at Actual Cash Value.</p>
<p>Does the insurance pay to repair damaged property with material of like kind and quality?</p>	<p>(23)</p>	<p>Different policies pay for repairs with material of like kind or quality, or common construction.</p> <p><u>Illustration:</u></p> <p>A fire damages a Victorian-era home, requiring replacement of the floors, walls, and ceilings. The home contained plaster moldings and inlaid oak floors. Like kind and quality coverage pays the higher cost of new moldings and floors that are like the original ones. Common construction pays for modern wood moldings and floors that are not the same as the original ones.</p>
<p>Does the insurance pay to replace undamaged property</p>	<p>(24)</p>	<p>Different policies pay or do not pay for matching.</p> <p><u>Illustration:</u></p>

<p>to match repairs to damaged property?</p>		<p>A fire damages half of the roof. The new, replacement shingles will look different than the older, remaining shingles which have weathered.</p> <p>A policy that pays for matching will pay to replace the undamaged shingles, at least on one slope of the roof, so that all shingles match.</p> <p>A policy that does not pay for matching pays only to replace the damaged shingles.</p>
<p>What other payments does the insurance make if there is a loss?</p>	<p>(25)</p>	<p>Ask about issues that are important to you.</p>
<p>Does the insurance include a managed repair program?</p>	<p>(26)</p>	<p>Under a managed repair program, the insurer recommends a contractor to repair property damage. Different policies include an optional program (the homeowner can use it or not, without penalty), limit the amount paid if the homeowner chooses not to use the program, or do not include a program.</p>
<p><i>Does the insurance cover lawsuits brought by others against the insureds?</i></p>		
<p>Does the insurance cover lawsuits brought by others against the insureds?</p>	<p>(27)</p>	<p>Under liability coverage, the insurer defends most types of lawsuits brought against the insureds and pays attorneys fees, settlements, and judgments.</p>
<p>Does the insurance cover medical expenses of persons</p>	<p>(28)</p>	

injured on the insured premises or because of activities of the insureds?		
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Glossary

Actual Cash Value is the depreciated value of the damaged property at the time of the loss, which is less than its Replacement Cost.

Additional Living Expense covers the increased cost of living away from a home which is uninhabitable while repairs are made, such as rental of a substitute house.

All-risk or open perils means that the policy covers direct physical loss to the structures from a broad range of causes not specifically excluded under the policy.

Common construction pays for commonly used materials that may not be the same as original materials or construction.

Dwelling is the house in which the insureds live.

Earth movement may include earthquakes, landslides, mudslides, sinkholes, and other events.

Endorsements are amendments or riders to policies.

Extended Replacement Cost is Replacement Cost plus an additional percentage above the *policy limits* if necessary to repair or replace the damaged property.

Flood includes accumulation of surface water from a variety of sources, such a storm surge, rain, and overflow of containment systems.

Guaranteed Replacement Cost is the full cost of repairing or replacing damaged property, even if that amount is higher than the *policy limits*.

Liability coverage covers lawsuits brought by others against the insureds for bodily injury or property damage, typically including attorneys fees, settlements and judgments.

Like kind and quality pays for materials that are substantially the same as the original construction.

Managed repair program means a program under which the insurer recommends a contractor to repair property damage. The program may be optional—the homeowner can use it or not, without penalty—or it can limit the amount paid if the homeowner chooses not to use it.

Named perils means that the policy covers loss caused only by risks specified in the policy, such as fire.

Open perils or all-risk means that the policy covers direct physical loss to the structures from a broad range of causes not specifically excluded under the policy.

Other structures means buildings, fences, and structures on the insured property other than the dwelling.

Personal property means belongings such as clothes, household items, furniture, and electronics owned or used by the insureds.

Policy limits are the maximum amount the policy will pay, stated on the policy's declaration page.

Replacement Cost is the cost to repair or replace damaged property, without deducting for depreciation, subject to the *policy limits*. (This often is referred to as “new for old.”)

Template with Options

This copy of the template includes the answers that a company must use to respond to each question. If a policy contains a provision that is not included in one of the answer options, language as close as possible must be used, with prior approval.

Homeowners Insurance Coverage Summary



This Coverage Summary document will help you compare homeowners insurance policies and choose a policy. This is only a summary. Ask the insurance company or agent for more information. Refer to the policy quote or the policy's Declaration Page for important information about policy limits, deductibles, and price.

Homeowners insurance policies often are organized in ways that are confusing to consumers. To make the comparison and scoring more accessible, the summary is organized as follows:

Property insurance measures coverage for the insured's losses to the buildings, personal property, and related costs. Property insurance includes three subcategories:

- **Things the insurance covers** measures the types and amount of property and other potential losses the insurance covers.
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- **What the insurance pays** measures how the insurance pays for damage to different types of property.

Liability insurance measures how well the insurance covers lawsuits brought by others for personal injury or property damage caused by the homeowner and certain family members.

For general definitions of common terms ([highlighted](#)), see the [Glossary](#).

Important questions	Answers — Options	What to know
<i>What things does the insurance cover?</i>		
What structures does the insurance cover?	(1a) The policy covers the dwelling and other structures on the premises, such as a garage or fence.	The policy may not cover buildings used for business or some other types of structures. Ask about issues that are important to you.
What personal property does the insurance cover?	(2a) The policy covers most personal property —belongings such as clothes, household items, furniture, and electronics—owned or used by the insureds.	Most belongings are covered, with some exceptions. Ask about issues that are important to you. The policy limits what it will pay for specific property, discussed in What does the insurance pay?
What other things does the policy cover?	(3a) The policy may cover other things such as trees, landscaping, homeowners association assessments, and more.	Ask about issues that are important to you.
<i>What risks does the insurance cover?</i>		
What risks to structures does the policy cover?	(4a) The policy covers the dwelling and other structures on an all-risk or open perils basis. (4b) The policy covers the dwelling and other structures on a named perils basis.	Different policies cover the dwelling and other structures on an all-risk or open perils basis, or on a named perils basis.
What risks to personal property does the policy cover?	(5a) The policy covers personal property on an all-risk or open perils basis.	Different policies cover personal property on an all-risk or open perils basis or on a named perils basis.

	(5b) The policy covers personal property on a named perils basis.	
What major risks are not covered under the policy?	(6a) The policy does not cover loss from flood , earth movement , wear and tear, and some other causes.	Whether the policy is all-risk/open perils or named perils , some important causes of loss are not covered.
What damage from water is covered?	<p><u>Water leaks</u></p> <p>(7a) The policy covers damage caused by leak, discharge, or overflow from a plumbing, heating, air conditioning or sprinkler system or from a household appliance, whether the leak is sudden or not, including slow leaks that are not immediately discovered by the homeowner.</p> <p>(7b) The policy covers damage caused by leak, discharge, or overflow from a plumbing, heating, air conditioning or sprinkler system or from a household appliance, only if the leak is sudden and does not cover slow leaks.</p> <p>(7c) The policy covers damage caused by leak, discharge, or overflow from a plumbing, heating, air conditioning or sprinkler system or from a household appliance, only if the leak is sudden or is a slow leak discovered by the homeowner within <i>nn</i> [time].</p>	<p>Leaks from plumbing or other sources can be sudden, such as a pipe bursting, or slow, such as a pipe which drips over time. Leaks may be immediately apparent or not discovered for a period of time.</p> <p>Separate endorsements may be available for purchase to cover other water losses.</p>

	<p>(7d) The policy does not cover damage caused by leak, discharge, or overflow from a plumbing, heating, air conditioning or sprinkler system or from a household appliance.</p> <p><u>Water backup</u></p> <p>(8a) The policy covers damage from water that backs up through sewers and drains off the premises.</p> <p>(8b) The policy does not cover damage from water that backs up through sewers and drains off the premises.</p> <p>(9a) The policy covers damage from water that backs up through sewers and drains on the premises.</p> <p>(9b) The policy does not cover damage from water that backs up through sewers and drains on the premises.</p> <p><u>Runoff</u></p> <p>(10a) The policy covers damage from water runoff that begins off the premises.</p>	
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	<p>(10b) The policy does not cover damage from water runoff that begins off the premises.</p>	
<p>What damage from mold is covered?</p>	<p>(11a) The policy covers damage from mold caused by any other covered risk.</p> <p>(11b) The policy covers damage from mold only if it is caused by water damage.</p> <p>(11c) The policy covers damage from mold that is hidden if it results from water damage.</p> <p>(11d) The policy does not cover damage from mold.</p> <p>(12a)The policy covers testing for mold.</p> <p>(12b) The policy does not cover testing for mold.</p> <p>(13a) Payment for mold damage is limited to \$nn</p>	<p>Mold (which includes fungus and wet or dry rot) can result from a variety of causes. It can be obvious, such as when water to put out a fire causes mold, or hard to discover, such as mold caused by a plumbing leak inside a wall. Testing may be necessary to determine the presence and extent of mold.</p>

	(13b) Payment for mold damage is limited to <i>nn</i> % of the policy limits . (13c) Payment for mold damage is not limited, except for the policy limits .	
What causes of collapse of a building are covered?	(14a) The policy covers a full range of causes of collapse. (14b) The policy does not cover collapse caused by hidden decay.	Collapse means a sudden falling down of a building or part of it so it is uninhabitable.
What other risks are covered?	(15a) The policy may cover some other risks.	Ask about issues that are important to you.
<i>What does the insurance pay?</i>		
All payments are limited by the policy's general deductible. Special deductibles also may apply to certain losses.		
What does the insurance pay for damage to buildings?	(16a) The policy pays Replacement Cost . (16b) The policy pays Guaranteed Replacement Cost . (16c) The policy pays Extended Replacement Cost of <i>nn</i> %. (16d) The policy pays Actual Cash Value .	Different policies pay Replacement Cost , Guaranteed Replacement Cost , Extended Replacement Cost , or Actual Cash Value . <u>Illustrations:</u> 1. A kitchen fire requires replacement of the cabinets and countertops. The total cost is \$15,000. Replacement Cost coverage pays the full cost, \$15,000. Actual Cash Value pays the depreciated cost; because the kitchen was older, the value of the cabinets and countertops before the fire was less than new items, so the insurance pays less, perhaps \$7,500.

		<p>2. A fire requires rebuilding of substantially all of the house. The cost to rebuild is \$200,000. The policy limits are \$150,000. (The cost to rebuild may be higher than the policy limits because of inflation or because the policy limits were too low.)</p> <p>Replacement Cost pays \$150,000, the cost to replace up to the policy limits. The homeowner must pay the balance. Extended Replacement Cost of 20% pays the policy limits (\$150,000) and 20% more (\$30,000), for a total of \$180,000. The homeowner must pay the balance. Guaranteed Replacement Cost pays the full cost to rebuild (\$200,000).</p>
<p>What does the insurance pay for damage to personal property?</p>	<p>(17a) The policy pays Replacement Cost.</p> <p>(17b) The policy pays Guaranteed Replacement Cost.</p> <p>(17c) The policy pays Extended Replacement Cost of %nn.</p> <p>(17d) The policy pays Actual Cash Value.</p> <p>.</p>	<p>Different policies pay Replacement Cost, Guaranteed Replacement Cost, Extended Replacement Cost, or Actual Cash Value.</p> <p><u>Illustration:</u></p> <p>A living room fire requires replacement of rugs, furniture, and the television. The total cost to buy replacements is \$10,000. Replacement Cost coverage pays the full cost, \$10,000. Actual Cash Value pays the depreciated cost; because the items were older, their value before the fire was less than new items, so the insurance only pays less, perhaps \$3,000.</p>

Does the insurance limit payment for specific items of personal property?	(18a) The policy limits payments for certain kinds of personal property , such as jewelry, silverware, and electronics	Limitations are common. Ask about issues that are important to you.
Does the insurance limit payment for damage to roofs?	<p>(19a) The policy does not limit payment for damage to roofs.</p> <p>(19b) The policy pays for damage to roofs according to a depreciation table.</p> <p>(19c) The policy pays only Actual Cash Value for damage to roofs.</p> <p>(19d) The policy pays only Actual Cash Value for damage to roofs by wind or hail.</p>	<p>Different policies pay for damage to roofs as for any other part of the building, according to a depreciation table, or Actual Cash Value. Other restrictions may apply.</p> <p><u>Illustration:</u></p> <p>A fire destroys the roof. The cost to replace it is \$25,000. Under Replacement Cost coverage that does not limit payment for damage to roofs, the insurance pays \$25,000.</p> <p>Under a depreciation table, the insurance pays a depreciated amount, such as \$13,750 for a 15-year-old roof or \$6,250 for a 25-year-old roof.</p> <p>Under Actual Cash Value, the insurance pays depreciated amounts like those under a depreciation table.</p>
Does the insurance pay the increased cost of repairs to comply with a building code that has higher	(20a) The policy pays the increased cost to comply with the building code (called Building Code Upgrade or Law and Ordinance coverage).	Different policies pay the increased cost to comply with the building code, limit that coverage to a percentage of the policy limits , or not pay the increased cost to comply with the building code.

<p>requirements than the code in effect at the time the property was built?</p>	<p>(20b) The policy pays the increased cost to comply with the building code up to <i>nn</i>% of the policy limits.</p> <p>(20c) The policy does not pay the increased cost to comply with the building code.</p>	<p><u>Illustration:</u></p> <p>A fire requires that 60% of the house be rebuilt. Under many building codes, a house that is more than 50% damaged must be entirely rebuilt to conform to the building code. The cost to rebuild the damaged portion is \$120,000 and the undamaged portion, \$80,000. The policy limits are \$200,000.</p> <p>Insurance with Replacement Cost coverage and Building Code Upgrade pays \$200,000, less the deductible.</p> <p>Insurance with Replacement Cost and 10% Building Code Upgrade pays \$120,000 + \$20,000 (10% of \$200,000), or \$140,000, less the deductible.</p> <p>Insurance with Replacement Cost but without Building Code Upgrade pays \$120,000, less the deductible.</p>
<p>How much does the insurance pay for the increased cost of living away from home while repairs are made?</p>	<p>(21a) The policy pays for increase in living expenses during repairs without a time limitation (called Additional Living Expense).</p> <p>(21b) The policy pays for increase in living expenses during repairs for one year.</p> <p>(21c) The policy pays for increase in living expenses during repairs for two years.</p>	<p>Additional Living Expense covers the increased cost of living away from a home which is uninhabitable while repairs are made, such as rental of a substitute house. Different policies pay for as much Additional Living Expense as is needed or can limit the payment.</p>
<p>Does the insurance pay to buy a replacement home at another location?</p>	<p>(22a) The policy pays to buy a replacement home at another location.</p> <p>(22b) The policy does not pay to buy a replacement home at another location.</p>	<p>If a homeowner decides to build or buy a different house rather than rebuild the house that was destroyed, payment under this term covers the cost, up to the</p>

		<p>Replacement Cost of the original house and the policy limits.</p> <p>If this term is not included and if a homeowner decides to build or buy a different house rather than rebuild the house that was destroyed, payment is at Actual Cash Value.</p>
<p>Does the insurance pay to repair damaged property with material of like kind and quality?</p>	<p>(23a) The policy pays to repair with material of like kind and quality, which means substantially the same as the original.</p> <p>(23b) The policy pays to repair with common construction, which may not be the same as original materials or construction.</p>	<p>Different policies pay for repairs with material of like kind or quality, or common construction.</p> <p><u>Illustration:</u></p> <p>A fire damages a Victorian-era home, requiring replacement of the floors, walls, and ceilings. The home contained plaster moldings and inlaid oak floors. Like kind and quality coverage pays the higher cost of new moldings and floors that are like the original ones. Common construction pays for modern wood moldings and floors that are not the same as the original ones.</p>
<p>Does the insurance pay to replace undamaged property to match repairs to damaged property?</p>	<p>(24a) The policy pays to replace undamaged property to match repairs to damaged property.</p> <p>(24b) The policy does not pay to replace undamaged property to match repairs to damaged property.</p>	<p>Different policies pay or do not pay for matching.</p> <p><u>Illustration:</u></p> <p>A fire damages half of the roof. The new, replacement shingles will look different than the older, remaining shingles which have weathered.</p> <p>A policy that pays for matching will pay to replace the undamaged shingles, at least on one slope of the roof, so that all shingles match.</p>

		A policy that does not pay for matching pays only to replace the damaged shingles.
What other payments does the insurance make if there is a loss?	(25a) The insurance makes some other types of payments.	Ask about issues that are important to you.
Does the insurance include a managed repair program?	(26a) The policy includes an optional Managed Repair Program. (26b) The policy includes a managed repair program that limits payment for damages. (26c) The policy does not include a managed repair program.	Under a managed repair program, the insurer recommends a contractor to repair property damage. Different policies include an optional program (the homeowner can use it or not, without penalty), limit the amount paid if the homeowner chooses not to use the program, or do not include a program.
<i>Does the insurance cover lawsuits brought by others against the insureds?</i>		
Does the insurance cover lawsuits brought by others against the insureds?	(27) The policy's Liability Coverage covers lawsuits brought by others against the insureds for bodily injury or property damage.	Under liability coverage , the insurer defends most types of lawsuits brought against the insureds and pays attorneys fees, settlements, and judgments.
Does the insurance cover medical expenses of persons injured on the insured premises or because of activities of the insureds?	(28) The policy covers medical expenses of persons injured on the insured premises or because of activities of the insureds.	

Glossary

Actual Cash Value is the depreciated value of the damaged property at the time of the loss, which is less than its Replacement Cost.

Additional Living Expense covers the increased cost of living away from a home which is uninhabitable while repairs are made, such as rental of a substitute house.

All-risk or open perils means that the policy covers direct physical loss to the structures from a broad range of causes not specifically excluded under the policy.

Common construction pays for commonly used materials that may not be the same as original materials or construction.

Dwelling is the house in which the insureds live.

Earth movement may include earthquakes, landslides, mudslides, sinkholes, and other events.

Endorsements are amendments or riders to policies.

Extended Replacement Cost is Replacement Cost plus an additional percentage above the *policy limits* if necessary to repair or replace the damaged property.

Flood includes accumulation of surface water from a variety of sources, such a storm surge, rain, and overflow of containment systems.

Guaranteed Replacement Cost is the full cost of repairing or replacing damaged property, even if that amount is higher than the *policy limits*.

Liability coverage covers lawsuits brought by others against the insureds for bodily injury or property damage, typically including attorneys fees, settlements and judgments.

Like kind and quality pays for materials that are substantially the same as the original construction.

Managed repair program means a program under which the insurer recommends a contractor to repair property damage. The program may be optional—the homeowner can use it or not, without penalty—or it can limit the amount paid if the homeowner chooses not to use it.

Named perils means that the policy covers loss caused only by risks specified in the policy, such as fire.

Open perils or all-risk means that the policy covers direct physical loss to the structures from a broad range of causes not specifically excluded under the policy.

Other structures means buildings, fences, and structures on the insured property other than the dwelling.

Personal property means belongings such as clothes, household items, furniture, and electronics—owned or used by the insureds.

Policy limits are the maximum amount the policy will pay, stated on the policy's declaration page.

Replacement Cost is the cost to repair or replace damaged property, without deducting for depreciation, subject to the *policy limits*. (This often is referred to as “new for old.”)

Sample Completed Template

This is a sample of a completed template, showing coverage under ISO HO 00 03 03 22.

Homeowners Insurance Coverage Summary



This Coverage Summary document will help you compare homeowners insurance policies and choose a policy. This is only a summary. Ask the insurance company or agent for more information. Refer to the policy quote or the policy's Declaration Page for important information about policy limits, deductibles, and price.

Homeowners insurance policies often are organized in ways that are confusing to consumers. To make the comparison and scoring more accessible, the summary is organized as follows:

Property insurance measures coverage for the insured's losses to the buildings, personal property, and related costs. Property insurance includes three subcategories:

- **Things the insurance covers** measures the types and amount of property and other potential losses the insurance covers.
- **Risks the insurance covers** measures the causes of loss covered.
- **What the insurance pays** measures how the insurance pays for damage to different types of property.

Liability insurance measures how well the insurance covers lawsuits brought by others for personal injury or property damage caused by the homeowner and certain family members.

For general definitions of common terms ([highlighted](#)), see the [Glossary](#).

Important questions	Answers	What to know
<i>What things does the insurance cover?</i>		
What structures does the insurance cover?	The policy covers the dwelling and other structures on the premises, such as a garage or fence.	The policy may not cover buildings used for business or some other types of structures. Ask about issues that are important to you.
What personal property does the insurance cover?	The policy covers most personal property — belongings such as clothes, household items, furniture, and electronics—owned or used by the insureds.	Most belongings are covered, with some exceptions. Ask about issues that are important to you. The policy limits what it will pay for specific property, discussed in What does the insurance pay?
What other things does the policy cover?	The policy may cover other things such as trees, landscaping, homeowners association assessments, and more.	Ask about issues that are important to you.
<i>What risks does the insurance cover?</i>		
What risks to structures does the policy cover?	The policy covers the dwelling and other structures on an all-risk or open perils basis.	Different policies cover the dwelling and other structures on an all-risk or open perils basis, or on a named perils basis.
What risks to personal property does the policy cover?	The policy covers personal property on a named perils basis.	Different policies cover personal property on an all-risk or open perils basis, or on a named perils basis.

<p>What major risks are not covered under the policy?</p>	<p>The policy does not cover loss from flood, earth movement, wear and tear, and some other causes.</p>	<p>Whether the policy is all-risk/open perils or named perils, some important causes of loss are not covered.</p>
<p>What damage from water is covered?</p>	<p><u>Water leaks</u></p> <p>The policy covers damage caused by leak, discharge, or overflow from a plumbing, heating, air conditioning or sprinkler system or from a household appliance, whether the leak is sudden or not, including slow leaks that are not immediately discovered by the homeowner.</p> <p><u>Water backup</u></p> <p>The policy covers damage from water that backs up through sewers and drains off the premises.</p> <p><u>Runoff</u></p> <p>The policy does not cover damage from water runoff that begins off the premises.</p>	<p>Leaks from plumbing or other sources can be sudden, such as a pipe bursting, or slow, such as a pipe which drips over time. Leaks may be immediately apparent or not discovered for a period of time.</p> <p>Separate endorsements may be available for purchase to cover other water losses.</p>
<p>What damage from mold is covered?</p>	<p>The policy covers damage from mold that is hidden if it results from water damage.</p>	<p>Mold (which includes fungus and wet or dry rot) can result from a variety of causes. It can be obvious, such as when water to put out a fire causes mold, or hard to discover,</p>

	Payment for mold damage is not limited, except for the policy limits .	such as mold caused by a plumbing leak inside a wall. Testing may be necessary to determine the presence and extent of mold.
What causes of collapse of a building are covered?	The policy covers a full range of causes of collapse.	Collapse means a sudden falling down of a building or part of it so it is uninhabitable.
What other risks are covered?	The policy may cover some other risks.	Ask about issues that are important to you.
<i>What does the insurance pay?</i>		
All payments are limited by the policy's general deductible. Special deductibles also may apply to certain losses.		
What does the insurance pay for damage to buildings?	The policy pays Replacement Cost .	<p>Different policies pay Replacement Cost, Guaranteed Replacement Cost, Extended Replacement Cost, or Actual Cash Value.</p> <p><u>Illustrations:</u></p> <ol style="list-style-type: none"> 1. A kitchen fire requires replacement of the cabinets and countertops. The total cost is \$15,000. Replacement Cost coverage pays the full cost, \$15,000. Actual Cash Value pays the depreciated cost; because the kitchen was older, the value of the cabinets and countertops before the fire was less than new items, so the insurance pays less, perhaps \$7,500. 2. A fire requires rebuilding of substantially all of the house. The cost to rebuild is \$200,000. The policy limits are \$150,000. (The cost to rebuild may be higher than the

		<p>policy limits because of inflation or because the policy limits were too low.) Replacement Cost pays \$150,000, the cost to replace up to the policy limits. The homeowner must pay the balance. Extended Replacement Cost of 20% pays the policy limits (\$150,000) and 20% more (\$30,000), for a total of \$180,000. The homeowner must pay the balance. Guaranteed Replacement Cost pays the full cost to rebuild (\$200,000).</p>
<p>What does the insurance pay for damage to personal property?</p>	<p>The policy pays Actual Cash Value.</p>	<p>Different policies pay Replacement Cost, Guaranteed Replacement Cost, Extended Replacement Cost, or Actual Cash Value.</p> <p><u>Illustration:</u></p> <p>A living room fire requires replacement of rugs, furniture, and the television. The total cost to buy replacements is \$10,000. Replacement Cost coverage pays the full cost, \$10,000. Actual Cash Value pays the depreciated cost; because the items were older, their value before the fire was less than new items, so the insurance only pays less, perhaps \$3,000.</p>

<p>Does the insurance limit payment for specific items of personal property?</p>	<p>The policy limits payments for certain kinds of personal property, such as jewelry, silverware, and electronics</p>	<p>Limitations are common. Ask about issues that are important to you.</p>
<p>Does the insurance limit payment for damage to roofs?</p>	<p>The policy does not limit payment for damage to roofs.</p>	<p>Different policies pay for damage to roofs as for any other part of the building, according to a depreciation table, or Actual Cash Value. Other restrictions may apply.</p> <p><u>Illustration:</u></p> <p>A fire destroys the roof. The cost to replace it is \$25,000. Under Replacement Cost coverage that does not limit payment for damage to roofs, the insurance pays \$25,000.</p> <p>Under a depreciation table, the insurance pays a depreciated amount, such as \$13,750 for a 15-year-old roof or \$6,250 for a 25-year-old roof.</p> <p>Under Actual Cash Value, the insurance pays depreciated amounts like those under a depreciation table.</p>
<p>Does the insurance pay the increased cost of repairs to comply with a building code that has higher requirements than the code in effect at the</p>	<p>The policy pays the increased cost to comply with the building code up to 10% of the policy limits.</p>	<p>Different policies pay the increased cost to comply with the building code, limit that coverage to a percentage of the policy limits, or not pay the increased cost to comply with the building code.</p> <p><u>Illustration:</u></p>

<p>time the property was built?</p>		<p>A fire requires that 60% of the house be rebuilt. Under many building codes, a house that is more than 50% damaged must be entirely rebuilt to conform to the building code. The cost to rebuild the damaged portion is \$120,000 and the undamaged portion, \$80,000. The policy limits are \$200,000.</p> <p>Insurance with Replacement Cost coverage and Building Code Upgrade pays \$200,000, less the deductible.</p> <p>Insurance with Replacement Cost and 10% Building Code Upgrade pays \$120,000 + \$20,000 (10% of \$200,000), or \$140,000, less the deductible.</p> <p>Insurance with Replacement Cost but without Building Code Upgrade pays \$120,000, less the deductible.</p>
<p>How much does the insurance pay for the increased cost of living away from home while repairs are made?</p>	<p>The policy pays for increase in living expenses during repairs without a time limitation (called Additional Living Expense).</p>	<p>Additional Living Expense covers the increased cost of living away from a home which is uninhabitable while repairs are made, such as rental of a substitute house. Different policies pay for as much Additional Living Expense as is needed or can limit the payment.</p>
<p>Does the insurance pay to buy a replacement home at another location?</p>	<p>The policy does not pay to buy a replacement home at another location.</p>	<p>If a homeowner decides to build or buy a different house rather than rebuild the house that was destroyed, payment under this term covers the cost, up to the Replacement Cost of the original house and the policy limits.</p> <p>If this term is not included and if a homeowner decides to build or buy a different house rather than rebuild the house that was destroyed, payment is at Actual Cash Value.</p>

<p>Does the insurance pay to repair damaged property with material of like kind and quality?</p>	<p>The policy pays to repair with material of like kind and quality, which means substantially the same as the original.</p>	<p>Different policies pay for repairs with material of like kind or quality, or common construction.</p> <p><u>Illustration:</u></p> <p>A fire damages a Victorian-era home, requiring replacement of the floors, walls, and ceilings. The home contained plaster moldings and inlaid oak floors. Like kind and quality coverage pays the higher cost of new moldings and floors that are like the original ones. Common construction pays for modern wood moldings and floors that are not the same as the original ones.</p>
<p>Does the insurance pay to replace undamaged property to match repairs to damaged property?</p>	<p>The policy does not pay to replace undamaged property to match repairs to damaged property.</p>	<p>Different policies pay or do not pay for matching.</p> <p><u>Illustration:</u></p> <p>A fire damages half of the roof. The new, replacement shingles will look different than the older, remaining shingles which have weathered.</p> <p>A policy that pays for matching will pay to replace the undamaged shingles, at least on one slope of the roof, so that all shingles match.</p> <p>A policy that does not pay for matching pays only to replace the damaged shingles.</p>
<p>What other payments does the insurance make if there is a loss?</p>	<p>The insurance makes some other types of payments.</p>	<p>Ask about issues that are important to you.</p>

<p>Does the insurance include a managed repair program?</p>	<p>The policy does not include a managed repair program.</p>	<p>Under a managed repair program, the insurer recommends a contractor to repair property damage. Different policies include an optional program (the homeowner can use it or not, without penalty), limit the amount paid if the homeowner chooses not to use the program, or do not include a program.</p>
<p><i>Does the insurance cover lawsuits brought by others against the insureds?</i></p>		
<p>Does the insurance cover lawsuits brought by others against the insureds?</p>	<p>The policy's Liability Coverage covers lawsuits brought by others against the insureds for bodily injury or property damage.</p>	<p>Under liability coverage, the insurer defends most types of lawsuits brought against the insureds and pays attorneys fees, settlements, and judgments.</p>
<p>Does the insurance cover medical expenses of persons injured on the insured premises or because of activities of the insureds?</p>	<p>The policy covers medical expenses of persons injured on the insured premises or because of activities of the insureds.</p>	

Glossary

Actual Cash Value is the depreciated value of the damaged property at the time of the loss, which is less than its Replacement Cost.

Additional Living Expense covers the increased cost of living away from a home which is uninhabitable while repairs are made, such as rental of a substitute house.

All-risk or open perils means that the policy covers direct physical loss to the structures from a broad range of causes not specifically excluded under the policy.

Common construction pays for commonly used materials that may not be the same as original materials or construction.

Dwelling is the house in which the insureds live.

Earth movement may include earthquakes, landslides, mudslides, sinkholes, and other events.

Endorsements are amendments or riders to policies.

Extended Replacement Cost is Replacement Cost plus an additional percentage above the *policy limits* if necessary to repair or replace the damaged property.

Flood includes accumulation of surface water from a variety of sources, such a storm surge, rain, and overflow of containment systems.

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