HOMEOWNERS INSURANCE GUIDE

GUARDING YOUR HOME STARTS HERE

(402)-471-2201
doi.nebraska.gov

NEBRASKA
DEPARTMENT OF INSURANCE

WHY YOU SHOULD CONSIDER HOMEOWNERS INSURANCE

Protect your assets

Homeowners insurance covers the structure of your home and personal property as well as any potential personal legal responsibility to others or their property while they’re on your property.

Satisfy your mortgage lender

Mortgage lenders usually require you have insurance as long as you have a mortgage and list them as the mortgagee on the policy. If you let insurance lapse, your mortgage lender will likely have your home insured. This policy may have a higher premium and coverage will be limited to damage to the structure of your home compared to a policy you buy on your own. The lender can require you to pay this higher premium until you purchase your own homeowners insurance again.

TYPES OF POLICIES

A type of homeowners policy is called a form

COVERED PERILS

TYPE OF POLICY	*Fire, Weather, & Explosions*	*Theft & Vandalism*	*Falling Objects*	*Ice/Snow Weight*	*Burst Pipes/Leaks*	*All Perils Except Exclusions & Flood*
Basic Form & Modified Coverage Form	Dwelling, Contents	Dwelling, Contents				
Broad Form	Dwelling, Contents	Dwelling, Contents	Dwelling, Contents	Dwelling, Contents	Dwelling, Contents	
Special Form	Dwelling, Contents	Dwelling, Contents	Dwelling, Contents	Dwelling, Contents	Dwelling, Contents	Dwelling
Renters Insurance	Contents	Contents	Contents	Contents	Contents	
Condominium Unit Owners Form	Contents	Contents	Contents	Contents	Contents	
Dwelling Fire	Dwelling					

= Dwelling Coverage

= Contents Coverage

NOTE: Flooding is **NOT** covered under a homeowners insurance policy. These are coverages under typical policies. **READ YOUR POLICY FOR SPECIFIC COVERAGES AND/OR EXCLUSIONS**

POLICY FORM DESCRIPTION

Broad Form - HO-2

Provides basic coverage for 16 perils including falling objects and water damage from plumbing issues

Special Form - HO-3

Most common and popular insurance type. Covers home against all perils except those specifically excluded. It also covers personal belongings but only for named perils

Renter's Insurance - HO-4

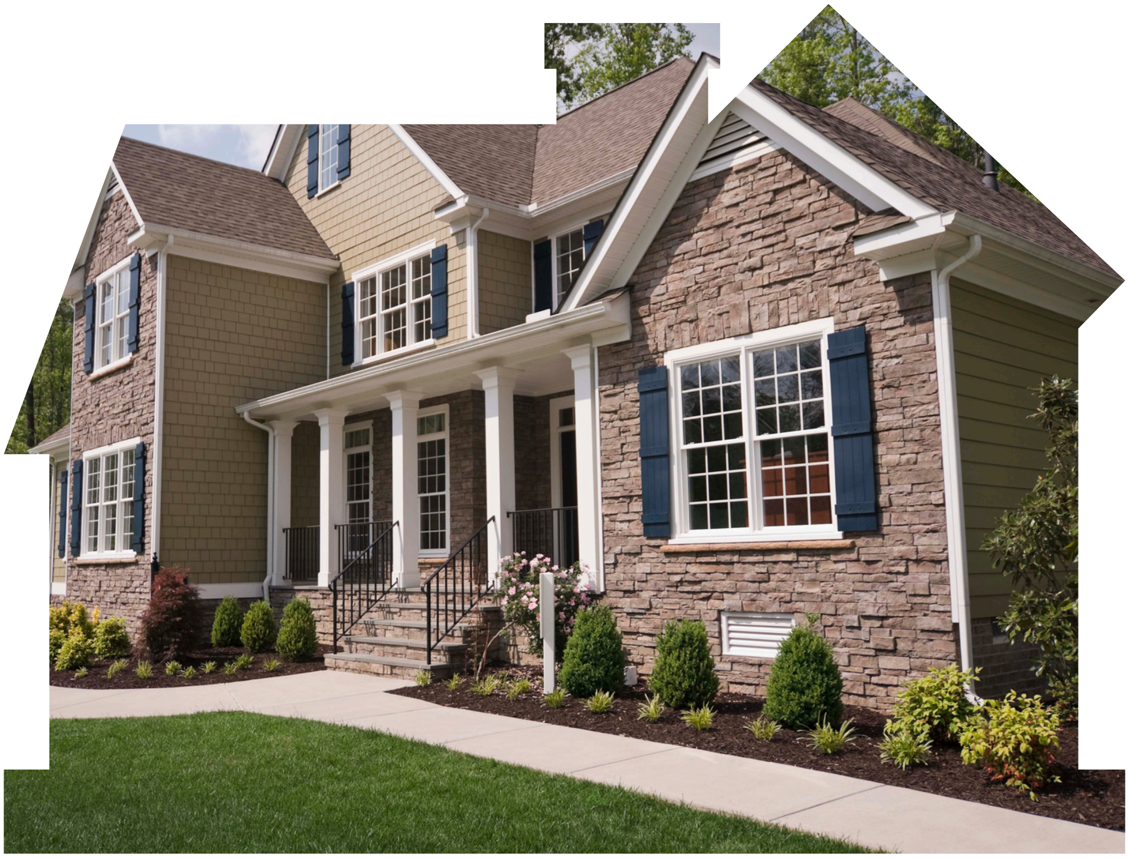
Protects personal belongings and liability but not the building itself

Condo insurance - HO-6

Covers interior structures, personal property, and liability

Dwelling Fire - DP 1,2,3

Provides coverage for homes not lived in most of the year (e.g. vacation homes, cabins, or rental properties)



Other Types of Coverage Available

Comprehensive Form - HO-5

Offers the most comprehensive coverage and usually has a higher premium as a result. May offer higher coverage limits, open perils for personal property, and replacement value cost. May have restrictions on homes eligible. Usually newer and high-value homes

Mobile Home Insurance - HO-7

Specifically designed for mobile homes. Similar to an HO-3 policy but for a mobile home. Will only cover home while it is stationary not in transit.

Modified Coverage Form - HO-8

Meant to provide coverage for home that don’t meet standards for other types of coverage. This mean the home is at high risk of loss or damage or has a replacement cost higher than the cash value of the home. Most often used by older, outdated homes.

WHAT POLICY IS RIGHT FOR YOU?

The type of homeowners insurance policy you need depends on a number of factors including:

1. **Type of Structure**

   Single family home, townhouse, condo, mobile home, or rental properties all may require different forms of coverage

2. **Age and Condition**

   Older homes may come with higher risks, increasing premiums. Newer homes may qualify for discounts.

3. **Types of Coverage Needed and Wanted**

   Depending on your specific situation, you may need more than basic protection and additional add-ons to your policy

4. **Requirements of Mortgage Lender**

   Most lenders require a minimum level of coverage and may also require additional protections like flood insurance

TYPES OF COVERAGES

Dwelling

Pays for damage to your house and structures attached to your house. This includes plumbing, electrical wiring, heating, and permanently installed air-conditioning systems

Other Structures

Pays for damage to fences, tool sheds, freestanding garages, and other structures not attached to your house

Personal Property

Reimburses you for value of your possessions like furniture, electronics, appliances, clothing, damaged or lest even when they are not on your property such as at an off-site storage locker

Personal Liability

Covers financial loss if you are sued and found legally responsible for injuries or damages to someone else

Loss of Use

Pays some of your additional living expenses while your home is being repaired

Medical Payments

Pays medical bills for people hurt on your property or hurt by your pets

LIMITS OF COVERAGE

Your insurance agent will help your determine the right amount of dwelling coverage when you first purchase homeowners insurance. **IMPORTANT:** Replacement cost is not the same as market value. Market value includes the land and changes with the real estate market.

Be sure to review your coverage regularly. If dwelling coverage falls below 80% of your home's full replacement cost, your insurance company may reduce your claim payout.

How limits are determined

NOTE: These are estimates to give an idea of limits for coverages. Check your policy as it may differ from this table

COVERAGE COMPONENT	TYPICAL LIMIT OF COVERAGE
Dwelling	You Choose
Other Structures	10% of Dwelling Coverage Limit
Personal Property	50% of Dwelling Coverage Limit
Loss of Use	20% of Dwelling Coverage Limit
Personal Liability	You Choose
Medical Payments	You Choose

DEDUCTIBLES

What is a deductible?

This is the money you have to pay out-of-pocket on a claim before the policy pays the loss. This applies to coverage for your home and personal property and is paid on each claim.

What does this mean for my policy?

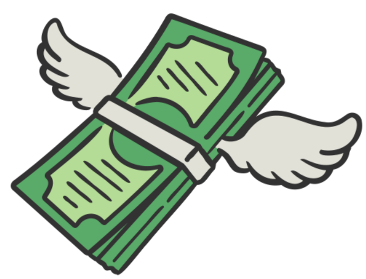
Higher policy deductibles = lower policy premiums
There are also catastrophe deductibles which are represented by percentage rather than dollar amount.
Make sure you can afford the deductible in case of a loss.

Replacement Cost

The cost to rebuild your home or repair damages using materials of similar kind and quality

VS

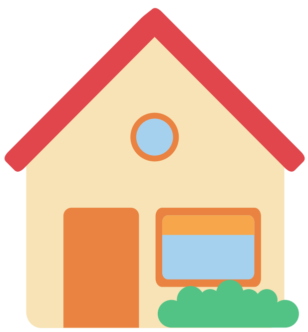
Actual Cash Value



The value of your home considering its age and wear and tear. ACV pays for the loss but usually doesn't pay enough to fully repair or replace damage

HOW PREMIUM IS DETERMINED

Characteristics of Your Home

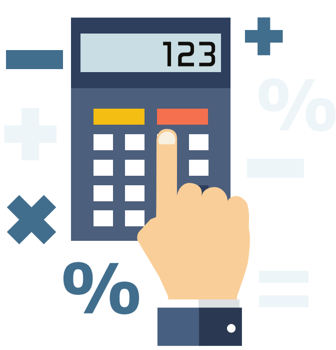


- Cost to rebuild your home. Not the same as the purchase price. Your agent may help estimate the replacement cost of your home and its contents
- Whether your home is made of brick or wood. Brick and masonry homes often have lower premiums compared to wood
- Distance from a fire department or water source. Location and risk of natural disasters
- Age, size, and condition of your home
- Claims history of your home and homes in your area

Choices of Coverage

- Coverages you choose including optional endorsements, coverage amounts, and limits
- Deductible you choose
- Insuring your home and autos with the same company
- Length of time you've been with your insurance company
- Your credit history may be used to determine prices
- History of filing claims for water damage, fire, theft, or liability of homes you've owned

Other Characteristics



- Having protection or security devices in your home
- Having a wood furnace or wood stove
- Having a swimming pool that could cause injuries
- Types of pets you have
- Operating a business from your home

WAYS TO SAVE ON HOMEOWNERS

Shop around

Compare quotes from multiple insurers to find the best coverage at the lowest price

Bundle Policies

Think about combining home and auto insurance with the same company to get a discount

Improve Home Security

Installing alarms, cameras, or smart locks can qualify you for safety discounts

Use resilient materials

Rebuilding or renovating with disaster-resistant materials can lead to insurance savings

Ask About Discounts

Inquire about available discounts for being claims-free, installing safety features

Raise Deductibles

Opt for a higher deductible to lower your monthly premium costs

Make home improvements

Upgrading plumbing, electrical, or roofing may reduce risk and lower premiums

Pay-in-full discounts

Save money by paying annual premium in full instead of monthly

OTHER COVERAGES - ENDORSEMENT/SEPARATE POLICY

Water Backup

Protects against water damage from sources like backed-up sewers and drains

Equipment Breakdown

Covers the repair or replacement of household equipment like HVAC, water heaters, appliances, and electrical panels

Identify Fraud

Reimburse you for costs like legal fees, lost wages, and replacing ID's related to restoring your identity

Flood Insurance

Covers damage to building's structure (foundation, electrical/plumbing systems) and personal contents from a flood

Umbrella

Provides additional liability coverage of homeowners policy. Protects assets if you're responsible for injuries and property damage

Earthquake

Covers the repair or replacement of household equipment like HVAC, water heaters, appliances, and electrical panels

QUESTIONS TO ASK AGENT/BROKER

Are the agent and insurance company licensed by the Nebraska Department of Insurance?	You can check to see this by going to the company/agent search on NDOI's website
How can I find out the claims history of my home before I buy it?	Claims on a home can indicate future risk. Multiple claims on a property could be deemed higher risk
If I submit a claim, how will it affect my premium when I renew?	Claims are tracked and used for risk assessment. Not all claims are equal and small claims can cost more in the long run
How will my credit history affect my premium?	Difference in premium between good or poor credit can add up to thousands of dollars a year. Ask if the company relies on the metric
What does/doesn't cover? What are the coverage limits?	This can help avoid surprises, understand exclusions, and compare policies between companies
How much coverage do I need for my personal property?	Knowing the exact coverage will prevent being underinsured and assess if you need endorsements or additional coverages
How much liability coverage should I buy?	Default limits may be too low and the total cost can be significant if a lawsuit occurs
What types of water damage are *not* covered? Is mold damage covered?	Generally, mold damage and water damage due to negligence, leaks, or flooding is not covered by homeowners.