Today’s Lecture #20
Homeowners Insurance

Section I - Property Coverages

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
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<tbody>
<tr>
<td>A - Dwelling</td>
<td>$100,000</td>
</tr>
<tr>
<td>B - Other Structures</td>
<td>10,000</td>
</tr>
<tr>
<td>C - Personal Property</td>
<td>50,000</td>
</tr>
<tr>
<td>D - Loss of Use</td>
<td>Actual Loss</td>
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Deductible

Policy Deductible for Section I $250

This deductible applies only once to each loss. Apply deductible first, then policy limits.

Example

If $60,000 of your personal property is stolen, calculate the loss as follows:

- Loss 60,000
- Deductible 250
- Loss less deductible 59,750
- Policy limit 50,000
- Covered loss 50,000

Definitions

Insured means you and residents of your household who are:

1. Your relatives
2. Other persons under the age of 21 and in the care of any person named above

Insuring Clause

Coverages A and B - Open perils - Covers all risks subject to limitations and exclusions
Coverage C - Named perils

Examples of Coverage A and B Exclusions

- Freezing of plumbing while dwelling is unoccupied unless you have used reasonable care to maintain heat
- Vandalism and malicious mischief to dwelling vacant more than 30 days
- Smog, rust or other corrosion, mold, wet or dry rot
- Birds, vermin, rodents or insects
- Animals owned or kept by an insured
Coverage C - Personal Property

16 Named Perils (Pages 673-674) plus Collapse (Page 671)

Examples of Covered Perils
- Fire
- Windstorm or hail
- Vehicles
- Vandalism and malicious mischief

Coverage C Covered Perils

Examples of Covered Perils

- Theft, unless committed by an insured
- If in dwelling under construction
- From area rented to others
- Property at other residence if not currently living there, except for a student as long as the student has been there any time within the 45 days prior to the loss

Special Limits on Personal Property (Page 668)

- 10% ($5000) on property usually located at an insured’s residence, other than residence premises
- $200 on money, gold, silver, etc.
- $1000 on securities, tickets, stamps
- $1000 on watercraft
- $1000 on loss by theft of jewelry, watches, furs, precious and semi-precious stones
- $2000 on loss by theft of firearms

Special Limits - Continued

- $2500 on silverware
- $2500 on property used in business while on residence premises
- $250 on property used in business while away from the residence premises

Examples of Property Not Covered Under Section C (Page 669)

- Animals, birds, fish
- Motor vehicles
- Aircraft

Coverage D - Loss of Use

If a covered loss renders the residence premises unfit to live in, policy covers Additional living expenses or Fair rental value. This is paid for the shortest time necessary to repair of replace damage or until permanent relocation.
Examples of Additional Coverages  
(Pages 670-672)
Debris removal (could increase limit of liability by 5%)  
Trees, Shrubs, Plants and Lawns - Covered only for:  
Fire or lightning Explosion  
Riot or civil commotion Aircraft  
Vehicles not owned or operated by resident  
Vandalism or malicious mischief Theft  
5% limit in total, no more than $500 per item  
Credit Card, Fund Transfer Card, Forgery and Counterfeit Money  
$500 Limit - No Deductible

Additional Section I Exclusions  
(Pages 674-675)
Ordinance or law  
Earth movement  
Water Damage  
Power failure  
Neglect  
War  
Nuclear hazard  
Intentional loss

Section I Loss Settlement  
(Page 676)
Actual cash value, not to exceed cost of repair or replacement:  
Personal Property  
Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings  
Structures that are not buildings

Section I Loss Settlement  
(Page 676)
Replacement Cost subject to 80% coinsurance clause:  
Buildings under coverages A and B

Example
A fire causes damage to your house and your furniture. The amount of damages are:  
Replacement Cost  
House 20,000 15,000  
Furniture 6,000 3,000

How much will your Homeowners Policy pay? Assume the replacement cost of the entire house is less than $125,000.

Answers
A 18,000  
B 21,000  
C 23,000  
D 26,000  
E None of the above