

Own a Home? Buying a Home?

The Key to Understanding your Home Insurance is to know your ABC's!

If you're buying a home or you already bought your home, you most likely were told, or discovered in your paperwork, that you need to purchase Hazard Insurance. To be clear, the Hazard Insurance policy is the same as the Home Owners Insurance policy and often you'll see both terms used in the course of a real estate transaction.

When you receive your policy you may feel overwhelmed because of its many pages and confusing language but if you remember the ABC's I'm about to share with you then you'll have a deeper understanding of your policy and how you are protected.

The ABC's of your hazard insurance policy are:

- Coverage A: Dwelling
- Coverage B: Other Structures
- Coverage C: Personal Property
- Coverage D: Loss of Use or Additional Living Expense
- Coverage E: Personal Liability
- Coverage F: Medical Payments to Others

Coverage A – Dwelling: provides coverage for the physical damage to the structure of your home from the perils listed in the policy. This is known as a Named Peril policy. Many policies will be “All Risk” policies meaning you'll be covered for all peril's except the specific exclusions listed in the policy.

Coverage B – Other Structures: provides coverage for the structures on your property that aren't part of the main home structure. Generally, this would be fences, sheds, swimming pools, just to name a few. This coverage is provided at 10%-20% of the Dwelling coverage amount as a standard amount. You can increase this coverage if your situation requires it.

Coverage C – Personal Property: provides coverage for all the stuff you own. There are limitations on certain personal property within the policy so make sure you read and understand this section of your policy because coverage will vary by insurance company. This coverage can be customized to meet your particular needs so you'll want to make sure you have a thorough conversation with your insurance agent about all of your personal property.

Coverage D – Loss of Use: provides coverage if you can't live in your home because of a covered loss. This is also known as Additional Living Expense. Coverage varies by insurance company so know your policy. Most insurance companies will pay a percentage of the Dwelling coverage, typically 20%-30%, towards this coverage. Other companies will pay an unlimited amount of money but put a time limit of 12-24 months. The average time to rebuild a home after a total loss is around 18 months so make sure you have enough coverage to get through the rebuilding process.

Coverage E – Personal Liability: provides coverage if a claim is made or a lawsuit is brought against you for damages because of bodily injury or property damage caused by an occurrence for which your policy applies. Lawsuits are prevalent in our society so this coverage is one that you should know and understand. There are important exclusions, within this section of your policy, so be sure to ask your agent any questions you may have about this coverage.

Coverage F – Medical Payments to Others: provides payment of necessary medical expenses incurred within a certain date of time of an accident causing bodily injury. This coverage can extend “off premises” under certain situations. \$1,000 is typically the minimum coverage but you can increase this inexpensively to provide broader coverage.

There you have it. The ABC's of Hazard Insurance. There are many more coverage's built into the Home Owners Insurance policy that you'll want to read about and understand besides these that I've mentioned. Please seek the advice of a competent insurance advisor who will take the time to explain your policy in detail.

Richard Morris, an independent insurance agent in Chandler, Arizona, has been serving and helping Arizona families with all their insurance needs for over 20 years. Visit his website at <http://www.southwestpremierinsuranceagency.com>, download his [Spectrum of Solutions](#) to see all the ways he can help you with your insurance needs, or call the office at (480) 336-2707 or toll free at (888) 907-9349.

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