

The Homeowners Insurance Policy

The second most common policy (behind auto insurance) that comes into play with personal injury claims is the homeowners' policy. There are **SIX** main features of a Homeowners policy that provide coverage for various losses involving a home that you own. The companion to a Homeowners policy for a property renter is the Renters policy. However, Renter policies are not very common. It is believed that less than 20% of all renters having such policies. While the lack of Homeowners coverage or Renters coverage primarily comes into play in the context of animal-inflicted wounds (dog bites) and slip/trip and fall claims, it also comes up for construction accidents on your property.

Read on for an itemization of the different features of the typical Homeowners / Renters insurance coverage.

1. **Dwelling coverage.** This is the coverage that will reimburse you if you have an incident that causes damage to your home. You have to be very careful in making sure that you have sufficient coverage under this feature. For example, many homeowners found out after the Northridge earthquakes that they did not have sufficient coverage to rebuild their home. Unfortunately, after the fact was too late to add additional coverage. A good rule of thumb is that you should have at least 25% more indwelling coverage that it would take to rebuild your home.
2. **Other structures coverage.** This coverage will compensate you for damage to other structures on your property; including garages, barns, pool houses, swimming pools, etc... Again, the rule of thumb is that you should have at least 25% more coverage than you need to rebuild the damaged structure.
3. **Personal property coverage.** This feature of the policy compensates you for any loss that may involve personal property. Real property is the land itself and the structures on the land. Personal property includes anything you own that is inside or outside the home; such as furniture, jewelry, clothing, etc... You need to film a videotaped inventory of your home and keep the videotape in a secure place outside of the home (such as a bank safe) in the event that something catastrophic occurs. This way you will be able to prove that you owned these personal property items.
4. **Loss of use coverage.** This feature of the policy reimburses you for additional living expenses while you are away from your home because your home is unfit for living due to a covered loss. This coverage applies only when the home is unlivable. If you are forced to live outside of your home, this coverage provides for expenses like hotel expenses and restaurant expenses. In addition, this feature can also be used to assist in maintaining mortgage payments throughout the time. In certain circumstances, this coverage allows reimbursement for renting another home while you are out of your property, as long as the rental value of the home you are renting is consistent with the monetary value you could obtain for your residence.



5. **Medical payments.** This feature of the typical homeowners policy reimburses those who were injured on the property covered by the homeowners policy for medical bills incurred as a result of being injured. Once again, this is a no-fault feature, meaning it is not necessary for the homeowner or another insured under the policy to have caused the injuries to the person who was hurt in order for this coverage to apply. As long as the individual who was hurt was hurt on the property this coverage will apply. This coverage is typically purchased in increments of \$1000 i.e. \$1000, \$2000, \$5000, \$10,000 etc.
6. **Personal liability.** This coverage is similar to both the bodily injury feature and property damage feature that was discussed in your typical automobile policy. You don't have separate bodily injury and property damage provisions under this aspect of a policy as both the property damage and bodily injury damage are combined under one single limits. This feature protects homeowners who have caused injury to another either on their property or off their property, depending upon the circumstances of the event.

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