

## **Why Buy Insurance for my Home?**

By purchasing the right insurance policy, you may be able to protect yourself from the financial costs of unforeseen losses, such as fire and natural disasters, frozen pipes, or even burglaries. Without appropriate protection, you could lose everything that you have worked to obtain. Insurance is intended to address the costs of unexpected damages beyond your reasonable control. It is not intended to pay the expected repairs you need to maintain your home whether by replacing worn out roofs or taking appropriate precautions.

## **Am I Required to Buy Insurance for My Home?**

There is no law requiring that purchase insurance on your home, but it is strongly encouraged that you consider this coverage to protect your investment in your home.

If you need a mortgage to help pay for your home, your lender or bank may require you to buy and maintain insurance on your home. If you drop coverage or stop paying for it, some mortgage agreements permit the lender to take action against you to recover the amount that they did loan you. The lender/bank cannot require you to obtain the coverage from any particular insurer and cannot require you to insure your home for more than the replacement cost of the dwelling.

Should you need or want to purchase homeowners insurance, you will contact an insurance company or an insurance producer (sometimes also known as a broker or agent) to obtain coverage. The insurance company typically collects information about your home before issuing any coverage. To give you an accurate quote, the producer or company will usually ask for the following:

- a description of your house;
- the distance from the nearest fire department and fire hydrant;
- the square footage;
- if you have security devices;
- a picture of your home;
- the coverages and limits you want.
- any prior property or liability losses.

Homeowners insurance is offered in a competitive market. Like with auto insurance, you can shop around for coverage from companies available in your area and an insurance company can decide to turn down your application for coverage. You should be aware, however, that under Massachusetts law, an insurance company cannot consider “your race, color, religious creed, national origin, sex, age, ancestry, sexual orientation, children, marital status, veteran status, the receipt of public assistance or disability” when deciding whether to provide, renew or cancel home insurance.

After reviewing the information, the insurance company will use its own standards, known as underwriting guidelines, to decide whether to give you a policy, and the rate it would charge for any coverage it would provide. If an insurer decides to accept your application, the producer or company may issue you an insurance binder, which is a legally binding statement that you have immediate

protection for a specified period of time while the company decides whether or not to issue you a policy.

If the company formally accepts your application, you will be issued a policy, usually for one year. If your application is rejected, you may need to apply to another insurer or to the FAIR Plan.

## The Different Parts of Your Home Insurance Policy

Homeowner insurance policies do differ in their actual structure, but usually contain basically the same components.

The parts of the policy are referred to in this way:

- The **Declarations** section is almost always on the first page. This section contains summary information including the name and address of the insured, the dollar amount of coverage in the policy, a description of the insured property, the cost of the insurance, the name of the insurance company assuming the risk and contact information.
- The **Definitions** section is used to explain the meaning of terms used in the policy. These definitions are the key to understanding the extent of coverage your policy provides.
- The **Coverage** sections explain the extent of the policy's protection under both property and liability coverages. Property Coverage is for damage to your property (house, other structures, and household contents) while Liability Coverage is for bodily injury or property damage to others actually or alleged to be caused by you.
- The **Exclusions** sections details what is not covered by your policy, under both property and liability coverage. It is very important for you to be familiar with what your insurance company will not cover. This is an area that is commonly misunderstood. You should consult with your insurance producer or company about the exclusions in your policy.
- The **Conditions** section is used to explain the responsibilities of both the insured and insurance company under the policy. For example, this section explains your duties in the event of a loss and also the procedures the company will follow to settle any losses.
- **Endorsements** are riders, amendments, or attachments to your policy which add, remove or otherwise change the standard coverage of the policy. Although you may be able to choose from a number of optional coverages or exclusions with your company or producer (agent, broker or agency), you may need to pay higher premium when optional coverages are added. You should also be aware that an insurance company may, as a condition of continuing your coverage, add endorsements that may limit your coverage. If you accept the endorsements and do not cancel the coverage, the exclusion will be attached to the coverage and once attached will take precedence over the original provisions of the policy.

## Additional Resources

[Open file, Understanding Your Homeowners Insurance](#)

# Typical Homeowner Insurance Forms

An insurance form is another name for an insurance policy, and it sets forth your coverage and identifies which perils your home and belongings are insured against.

The following are descriptions of the various insurance forms available for homeowners, renters, and condominium owners. Not all insurers use these exact terms or form numbers to describe their home insurance forms; however the coverage will be similar.

Most of the standard homeowners insurance forms offered are HO-2 and HO-3. The more perils your policy covers, the more you will pay for your policy. Most companies have their own variations of these forms, so check with the individual company.

- Broad Form (HO-2) is a homeowner policy covering damage only for those perils named in the policy, including those due to fire or lightning, windstorm or hail, vandalism or malicious mischief, theft, damage from vehicles and aircraft, explosion, riot or civil commotion, glass breakage, and smoke. This policy form also covers building collapse; freezing of or accidental discharge of water or steam from internal plumbing, heating, air-conditioning systems or domestic appliances, falling objects, weight of ice, snow or sleet damaged cause by, rupture or bursting of pipes.
- Special Form (HO-3) is the most popular of all homeowners forms. It is more comprehensive and covers all perils unless specifically excluded. Some common exclusions are for earthquake or flood. Some insurers will offer even more comprehensive coverage by attaching an endorsement that deletes certain exclusions from the policy. Personal contents are only covered for those perils named in the Broad Form (HO-2). In addition to the above, if your home does not qualify for one of the homeowner package policies, a company may offer you limited coverage on your house.
- Fire and Extended Coverage will protect your house, and only your house, for damages due to very specific perils or losses. Other structures, including garages, sheds or other structures on your property are not covered under a fire and extended policy, but coverage for these other structures, as well as for personal property, may be available as endorsements subject to review by your insurer.
- Dwelling policy coverage provides more protection than a fire and extended coverage policy, but your personal property is not covered under a dwelling policy.

*Mobile Home Insurance:* There is a specific policy that is available for mobile homes since there are generally no attached structures. It is a package of insurance written specifically for mobile homes that includes coverage on the mobile home as well as theft and liability protection.

*Renters Insurance:* If you rent an apartment or a house, you still have an exposure to personal liability coverage and are responsible for insuring against damages to your personal belongings. Personal liability coverage protects renters the same as it would if you were a homeowner. The owner of the building is responsible for insuring the building and for obtaining business liability insurance.

- Tenants Form (HO-4) for renters, insures household contents and personal belongings against the same perils as the homeowners insurance form Broad Form (HO-2). It also provides

additional living expense coverage and personal liability protection, loss of use and medical payments.

*Condominium Unit Owners Insurance:* Although condominium associations usually have policies that cover the building, including any common walls, and grounds, if you own a condominium, you need coverage for everything not covered by the condominium association master policy.

- Condominium Unit Owners Form (HO-6) is similar to homeowners insurance and renters' insurance. According to many condominium by-laws or trust agreements, the condominium unit owner owns everything within the unit including permanently attached fixtures, improvements, and other items that would normally be the property of, and the responsibility of, the landlord in a rental unit. Condominium unit forms cover what is the property of the condominium owner. Also, many association agreements contain a provision that allows them to "assess" the condo unit owner for additional costs that may be associated with a loss that is covered by the association master policy. The condominium unit owner form may provide coverage for insurance related assessments

## Basic Coverages

Although your insurer or agent can provide some assistance, it is ultimately your responsibility to choose the right level of coverage. You should consider a "dwelling" limit that is high enough to help you rebuild your home at today's labor and material costs in the event of a total loss. This cost may be very different from the market value of your home, for example a home that may sell for \$300,000 may actually cost \$600,000 to replace.

When considering your home or real property, you should consider not only your house, but also unattached garages, sheds or other structures that may be on your property. You should also consider (1) the level of coverage needed to replace your "personal property" or the "contents" of your home, such as furniture, clothing, electronics, jewelry or other personal items that may be damaged in the event of loss to your home and (2) sufficient liability coverage to protect you and your assets from lawsuits if others claim damages due to your negligence either on or off your property.

In addition to choosing the type and overall limits to your coverage, you will also choose the deductible level up to which you will be responsible for paying the costs of each claim. The higher the deductible chosen – and greater proportion of low-dollar claims that are your and not the insurer's responsibility – the lower the premium that you will have to pay. Almost all policies are issued with fixed dollar deductibles, but some have percentage deductibles that are based on overall policy limits. Whether you own or rent, there are different packages of insurance offered to protect your home and belongings.

Each policy package usually defines what types of losses are covered in the event of a covered peril (events that cause damage to property). In addition to knowing the risks or perils covered, it is important to consider the expenses that are covered in the event of a covered peril. In the standard policy, a home insurance plan may cover losses such as:

- (1) the costs to repair or replace damaged property,
- (2) additional living expenses due to loss of use,

- (3) personal liability which is the cost of losses to others allegedly due to your negligence, and
- (4) the cost of medical payments to others.

Policies may specifically exclude coverage for certain events, including for example floods, earthquakes, or damages related to poorly maintained properties. Depending on where your home is located, you may be able to purchase flood insurance through the National Flood Insurance Program. Your producer or company can help you with application forms for flood coverage.

## **Damage to Real Property**

Your home's structure is known as your dwelling. The overall dwelling coverage limit will cover the expenses of repairing or replacing the structure of your dwelling. Coverage for other structures on your property - including sheds, barns, detached garages, - are usually covered at a level equal to 10% of the dwelling coverage limit. You should check with your insurance company or producer to make sure the amount of coverage on your dwelling, as well as on your other structures, is appropriate to cover a loss.

There are also limited additional coverages for removing debris, for the increasing cost of construction, for the application of building ordinances that may require repairs, for the cost of reasonable repairs to protect your property against further damage, for damage to trees, shrubs and other plants, any fire department service charge (where applicable) and the cost of removing property from the premises to protect it from further damage. For coverage to apply, the damage must be caused by a peril you are insured for under the policy. You should check your policy to verify exactly what it covers.

Although not considered part of dwelling coverage, many home insurance policies include coverage for personal property, which is the personal belongings owned by you or by family members who live with you, even when traveling outside the home or living temporarily away from the home, including for example, students living on a college campus. Belongings of people, other than the insured, living with you, i.e., boarders or renters, are not typically protected by your home insurance, unless you have arranged for this type of coverage with your insurer. The personal property limit is usually a percentage (e.g., 50%) of the dwelling coverage limit. Some insurers may offer greater than 50%. You should check to make sure the amount of coverage for your personal property is enough to cover the loss and if not, contact your insurance producer to see about increasing the limit.

You should also be aware that some forms of personal property, such as silverware, computers, guns, money, expensive antiques, and jewelry, have limited coverage under your homeowners policy and you may need additional insurance to protect them in the event of loss. If you are interested in coverage beyond what is covered under your home insurance coverage, you can investigate various optional coverage endorsements from your insurance producer or company (see page 8 for a discussion of the personal property endorsement).

Other property such as animals, motor vehicles, aircraft and parts are not covered under home insurance policies. In addition to the home you live in, other structures on your property and your personal property, some home insurance policies provide limited coverage for small boats. Other motorized vehicles are usually not covered under a home insurance plan unless they are not required to be licensed and are used only at home.

### *Actual Cash Value and Replacement Cost*

While you may have an understanding of its “actual cash value,” it is important to know that under a typical homeowners policy, your home and other structures on your property are valued at “replacement cost.” It is important to understand the differences between these.

- Actual cash value is the amount of money it would take to repair or replace damage to the contents of your home after depreciation is taken into account. For example, if your refrigerator has a 20-year life expectancy and is 17 years old, if it were damaged, the company would not pay to replace the refrigerator but to pay for what a refrigerator with only 3 years of usefulness would cost. Most home insurance policies cover the contents of your home on an actual cash value basis. Many insurers offer an option for you to insure your belongings at replacement cost. The premium will be slightly higher for this coverage; however, you may want to consider this option.
- Replacement cost is the amount of money it would take to replace or rebuild your home or repair damages with materials of similar kind and quality, without deducting for depreciation. Many insurers require homeowners to insure their homes for at least 80% of the replacement cost and some may require 100%. You should note, however, that even if your producer helps you to buy 100% coverage, the maximum amount payable for the home is the amount of insurance you purchased even if the cost to repair, replace or rebuild it exceeds that amount. If the homeowner maintains coverage at the required level, the carrier is to pay the replacement cost of a filed claim after the damaged property has been repaired or replaced; if the homeowner fails to insure for the percentage of replacement cost required by the contract, a penalty is applied to partial losses. The problem is that many homeowners have not increased their coverage to meet the changing cost of replacing their homes and may be underinsured in case of loss.

For example, assuming (1) it would cost \$200,000 to replace your home, (2) it is insured for \$160,000 (80% of its replacement value), (3) you do not have a deductible on your policy and (4) a fire causes \$40,000 worth of damage, then your insurance company will pay \$40,000 to repair the cost of the claim at the replacement cost under the policy. If, under this scenario, however, your coverage is only for \$120,000, the insurance company would only be required to pay the following: Amount of Insurance on Your Policy \$120,000  $\frac{120,000}{160,000} = 75\%$   $75\% \times \$40,000 = \$30,000$ . Amount of Insurance Necessary \$160,000 to Cover Assets (80% of \$200,000) You would be responsible to pay the remaining \$10,000 of the repaid cost.

Since such underinsurance can be catastrophic, you should make sure you review and update your coverage every year. Check with your producer or company to review your coverage and make sure your policy gives you adequate limits of coverage. Whether your home is insured for replacement cost or actual cash value, it is important to keep track of its value. For instance, adding a new room, new insulation, and inflation all increase the replacement cost of your home, while the actual cash value of the home may decrease over time.

*Additional Coverages ( without additional premium)*

There is also additional coverage under the property section for the cost of damage to trees, shrubs and other plants; removing debris; reasonable repairs to protect your property against further damage; and any fire department service charge when caused by a covered loss under the policy. There are special policy limits and you should refer to your policy for additional detail.

## Loss of Use

Most home insurance policies also coverage for the additional living expenses (ALE) that you would need to pay if your home is damaged and you cannot live there while it is being repaired. For example, if you move into a hotel or apartment while your home is being repaired or rebuilt, the insurance company may pay your temporary housing costs.

Although the additional living expenses limit can vary, it is usually 20 % of the dwelling coverage limit. If part of the home is rented or held for rental to others and that part of the premises is not fit to live in because of an insured peril, this coverage will pay for the lost rental income.

### What types of expenses does ALE cover?

ALE will help pay expenses that are *beyond* your normal expenses, because you can't live in your home. The insurance company will not pay **all** your living expenses. It will only pay **the difference** between your previous living expenses and your new temporary expenses.

For example, while ALE coverage may pay your expenses for hotel lodging, you will still be responsible for your mortgage payment.

### ALE typically covers:

- Hotel bills.
- Reasonable restaurant meals (if you're staying in a hotel room with no kitchen).
- Other living costs above and beyond your normal housing expenses while you can't live in your home because of damage.

You need to be sure you keep all receipts for any additional costs you have. The insurance company will need the receipts to reimburse you.

### What are the limits?

Some policies have a dollar limit; some may also have a time limitation. These limits are separate from any coverage you receive to rebuild or repair your home and replace your belongings. Ask your insurance agent, company, or adjuster what your policy covers and about any time or dollar limits that apply.

## Personal Liability

Personal liability coverage protects you against a lawsuit alleging that bodily injury or property damage was caused by your negligence. Some types of negligence are excluded, such as business or auto related lawsuits, and not covered under a policy of home insurance. Protection from those types of lawsuits would best be handled under a business liability policy or an auto policy. Personal liability coverage

applies to you and all family members who live with you usually at a \$100,000 coverage limit. You should check with your producer or insurance company to determine if the amount of personal liability coverage is enough.

## Medical Payments to Others

Medical payments coverage pays for medical expenses for persons accidentally injured on your property by a member of your family or by your pets. It does not matter who is at fault. Medical payments do not apply to your injuries or those of family members living with you or a tenant regularly residing in your building, or to activities involving your at-home business. The medical payments coverage limit is typically \$1,000. Check with your producer or insurance company to determine whether the amount of medical payments coverage on your policy is sufficient.

## Optional Coverages

Please note, these optional coverages are not inclusive of all optional coverages you may be able to purchase. It is always best to speak with your agent about the coverages that best fit your needs.

*Extended Replacement or Contents Replacement Cost Endorsements:* Extended replacement cost coverage provides additional coverage beyond the amount shown on the Declarations page. This amount can vary, however, it is typically limited to 20 or 25 percent of the dwelling value. To obtain this type of coverage, you must meet specific underwriting rules and conditions of the company. This may include increasing your insurance to keep up with inflation. Check with your insurance producer or company to see if an additional premium is required and if there are exclusions or conditions that apply. A Contents Replacement Cost Endorsement is generally added to every homeowners insurance form so that contents will be covered on a replacement cost basis instead of an Actual Cost Value basis.

*Ordinance or Law Endorsement:* Most homeowner's policies do not provide coverage for the additional cost of repairs due to changes in building codes or local laws enacted since the home was built. Some coverage may be available for an additional cost through this type of endorsement that may pay the extra cost to rebuild your home to meet new or updated building codes or ordinances that did not exist when your home was first built.

*Inflation Guard Endorsement:* If the replacement cost of your home is increasing with inflation, your policy amounts must be periodically increased to maintain your coverage at 80% or higher. Even though the amount of the homeowners insurance you carry now is at least 80% of your home replacement cost, this amount may not be enough in the future. To help you keep coverage at an adequate level, some companies offer an "Inflation Guard Endorsement." This endorsement will allow your insurance company to automatically change your policy limit during the policy period and upon each subsequent renewal policy by a pre-determined percentage (i.e., 2, 4, 6 or 8%). Even if you have this endorsement on your policy, check your coverage limits periodically to make sure you are adequately, but not overly insured. Not all companies offer this endorsement, so check with your producer or company if you are interested in buying it.

*Scheduled Personal Property Endorsement:* This endorsement is sometimes called a "personal article floater." It covers possessions such as jewelry, furs, stamps, coins, guns, computers, antiques,



silverware, fine arts, and other items that may exceed the coverage amount in your regular home insurance policy. A personal articles floater lists each article that is insured, gives a description of the article insured, and lists excluded perils. It often provides coverage that is broader than the coverage under the home insurance policy. There is typically no deductible applied to this coverage. Still, you should get regular appraisals, at least annually, of property covered under this endorsement to be sure that you are covered at the appropriate level in case of loss.

*Increased Limits on Moneys and Securities:* This endorsement increases the coverage on money, bank notes, securities and deeds, etc.

*Secondary Premises and Liability Coverage Endorsement:* Homeowners coverage under this endorsement applies to secondary premises, for example a summer home. Remember these secondary residences are not typically covered by the homeowner's insurance policy on your primary or principal residence. Liability coverage is usually extended from your primary residences.

*Watercraft Endorsement:* This endorsement applies to small sailboats, ALL inboards from jetskis to yachts, and outboard motor boats, and provides broadened personal liability and medical payments coverage.

*Identity Theft Protection Endorsement:* As a result of this endorsement, your theft protection is broadened to include any losses tied to identity theft.

*Flood Insurance:* Standard home insurance policies do not cover flood damage. Depending on where your home is located in Massachusetts, you may be able to purchase flood insurance through the National Flood Insurance Program. Your producer or company can help you with application forms for flood coverage. If your home is located in a flood plain, your lender will require flood insurance. Just because your home is not in a designated flood plain, don't assume you will never have flood damage. For more information about federal flood insurance, you can contact your insurer or producer or contact the National Flood Insurance Program at 1-800-638-6620.

*Earthquake Insurance:* Earthquake insurance is available through most insurance companies for an extra cost with a special deductible that applies separately to each of the coverages. It is normally issued as an endorsement and attached to your home insurance policy.

## **Additional Resources**

[Open file, Learn more about flood insurance and whether your flood damage is covered](#)

## **Your Policy Premium**

Your premium is tied to the risk that you may have future losses filed on your policy during the specified term of the policy. Insurance companies decide whether to issue a policy or what rates to charge based upon their review of you and your home in relation to their company-specific criteria (also called "underwriting criteria").

Among the common criteria used, most companies will review the size, location and condition of your home, the distance to the nearest fire department and fire hydrant, whether you have installed certain protection, such as burglar alarms and smoke detectors and whether there are conditions that increase

the risk of your property, such as pools, trampolines, aggressive dogs or old wiring on the property. Companies may adjust rates if any of these conditions change in the future. In addition, your premium is tied to the level of coverage you have under your plan.

Your coverage limits, as well as additional endorsements that have been added to the policy, affect the level of payment that the insurance company may be exposed to under your insurance protection. Since the level of coverage does affect the price, you should work closely with your agent or company to buy the appropriate level of coverage for your house and personal property. Although you do not want to be underinsured, you also do not want to pay for levels of insurance that you may not need.

In addition to a policy's standard deductible, carriers may apply a specific wind deductible or a specific hurricane deductible on certain home insurance policies if a home is in an area that is susceptible to wind or hurricane damage. For many years, insurers have offered, for a reduced premium, optional wind loss deductibles that are higher than the standard insurance policy deductible. As insurers have become more aware of the potential costs of windstorm losses in certain parts of Massachusetts, many insurance companies have implemented mandatory wind loss deductibles. These deductibles are either offered as fixed dollar amounts or a percentage based on the amount of dwelling coverage and a home's proximity to the coastline. It is important that you understand how a percentage wind deductible applies to a loss you may incur. Most carriers apply a wind deductible percentage to the dwelling limit listed on the policy. For example, if a wind deductible percentage is 5% and you have a \$200,000 dwelling limit on your policy, then you will need to pay all covered wind-related losses up to \$10,000 ( $5\% \times \$200,000$ ) before the insurance company will pay for any losses.

## **Cancellation and Non-renewal**

Insurers may decide to non-renew your policy or decline offering a policy as long as they provide adequate notice and follow the criteria outlined in Massachusetts insurance laws. Non-renewal of a policy, generally, requires the company to provide 45 days written notice to the insured or his/her producer, prior to the policy expiration date.

Once a policy has been in effect for 60 days, under Massachusetts law (M.G.L. c. 175, §99), it can be cancelled during the term of the contract only for the following:

1. nonpayment of premium;
2. conviction of a crime which increases hazard under the policy;
3. fraud or misrepresentation by the insured in obtaining the policy;
4. willful or reckless acts or omissions by the insured increasing the hazard of damage;
5. physical changes in the property making property uninsurable; or
6. a determination by the commissioner that continuation of the policy would violate or place the insurer in violation of the law.

Cancellation of a policy, generally, requires the company to provide 5 days written notice to the insured (10 days written notice for non-payment of premium) and 20 days written notice to lender or mortgage company prior to the cancellation of a policy. An Insurer can cancel your policy for only limited reasons after the policy has been in effect for more than 60 days. You can cancel your policy anytime and for any reason.

## **Additional Resources**

[Open file, MPIUA \(FAIR Plan\)](#)

## **How Can I Protect My Home and Reduce My Insurance?**

Many losses are preventable. Consumers should ensure their homes are properly maintained to help mitigate their risk.

### **Preventing Fire Damage**

*Smoke detectors:* Regularly check that smoke detectors and carbon monoxide detectors are working and have full batteries.

*Woodstoves and Fireplaces:* Inspect and clean chimneys and stovepipes regularly and at least once per year. Make sure that you have proper floor protection. Keep combustible materials away from fireplaces and woodstoves.

*Furnaces:* Ensure that they are serviced annually by a licensed technician.

*Wiring:* If you have an older home, have a licensed electrician check the wiring as older systems may have difficulty handling the energy requirements of today's appliances. Also consider that dishwashers, kitchen stoves, dryers and washers should be professionally installed to prevent electrical fires.

*Electrical outlets:* Don't overload or overuse extension cords.

*Space heaters, candles, and hurricane lanterns:* Don't leave them unattended and keep combustible materials away.

*Outdoor risks:* Remove dead shrubbery and any trees that hang above your roof, as they can spread flames and embers. Properly store combustible materials and keep them away from heat sources.

### **Preventing Roof and Water Damage**

*Roofs:* Check for excessive snow buildups. Clean snow to prevent ice dams and collapse from weight. Make sure that the roof is vented properly. Periodically check for loose shingles and repair them.

*Plumbing:* Periodically check the pipes and hoses throughout your home and repair as needed. This includes items such as the water hose for your clothes washer, exterior faucets, water heaters and sump pumps and drains. Install backflow valves on septic/sewer lines in flood-prone areas.

*Mold:* Take special precautions to clean up all water spills or leakage immediately to prevent the spread of mold, fungus, wet or dry rot or mildew.

*Flooding:* Elevate housing and flood-prone utilities, heating/cooling systems and appliances above the base flood elevation when possible. Install a water alarm to provide an alert when water begins accumulating in the basement to get ahead of flooding. Make sure sump pumps are charged, working, and have a backup power supply available.

### **Managing the Damages of Winter Freeze-ups**

Frozen pipes aren't just an inconvenience, families have their homes ruined and their lives disrupted each winter because water pipes freeze. Before the cold hits:

- Make sure that even small holes or cracks in the exterior siding are insulated.
- Cover around any water pipes that are on the inside of exterior walls.
- Clearing the debris from your gutters will help prevent ice dams by allowing meltwater to drain freely.
- If your house is occupied throughout the winter, when it is extremely cold:
  - Maintain temperature at 3-4 degrees higher than normal temperature settings
  - Turn on your faucets and let the water trickle constantly.
  - Insulate pipes and open cabinet doors under sinks - this will allow the heat to warm the pipes.
  - Shut off exterior faucets used for garden hoses from inside your basement and leave the exterior faucets open outside (even if you have freeze-proof sill cocks.)
- If your house is unoccupied at times during the winter and has hot water heat:
  - Set the thermostat no lower than 60 degrees and install a low heat alarm.
  - Have a plumber install a low water cutoff switch on a forced hot water boiler.
  - Heat tape the water meter and water service, unless the water meter is plastic; if plastic, heat the meter and service area.
  - If heated by oil, install a low-oil alarm.
  - Have the house checked once a week.
- If your house is not occupied at all during the winter months:
  - Have the water service shut off in the street.
  - Drain all domestic waterlines, leave faucets and drain valves open.
  - Drain all heating lines, leave all drain valves open.
  - Drain plumbing fixtures as well as drain boilers and hot water heaters, and leave drain valves open.
  - Shut off gas service at meter.
  - Have house checked weekly.

### **Managing Wind Losses**

- Check and secure anchoring for covered porches making sure that connections are made in accordance with local building codes.
- When re-roofing a house, check and inspect all decking and allied components and install shingles that meet high-wind standards.
- Install shutters to protect window glass and glass doors from flying debris.
- Install gable end, garage door, patio and double door bracing.
- Use tie-downs or strapping materials to secure outdoor objects such as sheds, TV antennas, and satellite dishes and woodpiles.
- Prune Trees and Clear Gutters. Look at the trees around your property and cut back branches or stems that are dead, dying, diseased, or broken.

## Managing Liability Exposures

*Swimming pools:* Make sure that fences surround pools and keep the fence locked when not supervised - otherwise this could be grounds for your insurer to cancel your policy.

*Dogs:* Obey all leash laws. Dog bite exposure is a serious problem for insurance companies. Most have restrictions on the types of dogs they are willing to cover. Check with your producer to find out if your company has any restrictions on the type of dog they are willing to cover.

*Trampolines:* Trampolines may create an unacceptable liability exposure because of the potential for injury, even if the trampoline has a restraint or sides that are intended to keep someone from falling off or over the side. Check with your insurer or producer before you place a trampoline on your property.

*Walkways and steps:* Keep steps in good condition and clear of obstructions, including ice.

*Decks, porches, or landings:* If these structures are elevated more than 12 inches from ground level, install a railing. Make sure that you keep railings and handrails in good repair to prevent people from falling and replace them periodically, especially in the multi-family units.

*Full tanks:* Periodically check the tanks and connections and repair as needed.

*Lead paint:* Inspect your home for exposure to lead paint and take deleading and mitigation measures required by law, especially if children under the age of six (6) live in the home.

## Contact

### Division of Insurance Consumer Service Unit

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#### Phone

[Call Division of Insurance Consumer Service Unit at 617-521-7794](tel:617-521-7794)

Open Monday to Friday 8:45 am-5:00 pm

#### Address

1000 Washington Street, Suite 810, Boston, MA 02118

#### [Directions](#)

Common Insurance Terms:

*Appraisal:* A review of a property claim to determine the value of a particular item, or the value of the loss to damaged property.

*Cancellation:* Termination of policy during the policy term. During the first 60 days of a policy, a company can cancel a policy for any reason with appropriate notification. After 60 days of coverage, a company can only cancel coverage for reasons identified in Massachusetts' statutes.

*Claim:* A request for reimbursement for a loss covered by a policy. For example, a claim for items stolen from the policyholder's home.

*Deductible:* An amount that an individual must pay for covered services before the insurance company will begin to make payments.

*Depreciation:* A decrease in the value of a property due to wear and tear or obsolescence.

*Endorsement:* Amendments or attachments to your policy which add, remove or otherwise change the standard coverage you have under your policy.

*Exclusion:* Certain causes and conditions listed in the policy that are not covered.

*Group Policy:* A policy sold through an employment-based group, association or special group insurance trust. Individuals receive certificates of coverage from the group policy.

*Independent Agent or Producer:* A producer who represents more than one insurer.

*Individual Policy:* A policy sold directly by a company to an individual without requiring the individual to be a member of an employment-based group, association or special group insurance trust. These policies are usually sold by insurance producers but sometimes through direct mail or phone solicitations.

*Inflation Protection:* A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of property repairs.

*Lapse:* Termination of a policy because of nonpayment of policy premiums or because the premium paid is less than what was to have been paid and the coverage no longer in existence.

*Liability Coverage:* Coverage for payment and services on behalf of an insured for loss arising out of his responsibility, due to negligence, to others imposed by law or assumed by contract

*Market Value:* A real estate term that describes what the current value of your home would be if you were to sell it – including the price of land. This amount is generally not involved in determining what amounts to purchase under an insurance policy.

*Nonrenew:* Insurance company action to not extend coverage beyond the current policy term. Companies may only nonrenew coverage after making appropriate notices to policyholders.

*Peril:* The cause of a possible loss.

*Personal Property:* All tangible property not classified as real property.

*Policy:* A written contract for insurance between an insurance company and a policyholder.

*Premium:* The amount of money an insurance company charges, based on a given rate, to provide the coverage described in the policy for a specified period of time, generally one year.

*Property Coverage:* Insurance providing protection against the loss or damage to real and/or personal property caused by specific perils covered in the insurance policy or contract.

*Real or Tangible Property:* Land and anything permanently attached to, embedded in, or growing on the land.

*Replacement Cost Coverage (on Dwelling):* Coverage intended to pay for losses based on how much it would cost to replace or repair what has been damaged at current costs without factoring in how much or whether structures may have depreciated in value. The ultimate payment is based on the overall limits of the policy.

*Replacement Cost on Contents:* Coverage to pay for losses on the basis of how much it would cost to replace or repair them at current costs without factoring how the item may have depreciated in value from its purchase. Without replacement cost coverage, a policy only pays for the actual cash value of an item.

*Sub-limit:* A limit within the policy maximum that imposes a smaller limit for specified coverage or types of property.

*Underwriting:* The process of examining, accepting or rejecting insurance risks, and classifying those selected, in order to charge the proper premium for each.