

The California Department of Insurance emphasizes the importance of understanding homeowners and renters insurance policies to adequately protect homes and belongings. Homeowners insurance is divided into two main sections: Section I, which covers property (including dwelling, other structures, personal property, and loss of use), and Section II, which addresses liability (personal liability and medical payments to others). Coverage A protects the dwelling against specified perils, Coverage B covers detached structures, Coverage C protects personal belongings with limitations on high-value items unless additional coverage is purchased, Coverage D assists with living expenses if the home is uninhabitable, Coverage E provides liability protection for injuries to others, and Coverage F covers medical expenses for guests' injuries. Commonly covered perils include fire, theft, and vandalism, while exclusions typically involve floods, earthquakes, and wear and tear, with insurers required to offer earthquake coverage for an additional premium. Renters insurance similarly protects personal property and includes coverage types akin to homeowners insurance, while condominium insurance covers personal property and unit improvements.

Homeowners should consider the replacement cost of their home when determining coverage limits, which may differ from market value, and insurers use specific formulas to assess these costs. It is advised to document discussions with agents regarding coverage limits and to keep receipts for additional living expenses incurred during a claim. Regularly reviewing policy details is crucial to ensure adequate coverage, and discounts may be available for security features. The policy highlights the importance of accurately calculating contents limits for personal property, noting that specific items like jewelry and collectibles have limited coverage amounts. To ensure adequate coverage for valuable items exceeding these limits, policyholders are encouraged to add endorsements. The document also addresses issues faced by homeowners in California, such as underinsurance and increased construction costs following wildfires, stressing the need for policies that reflect current rebuilding costs and compliance with updated building codes.

The policy clarifies that whether a home is fully replaced after destruction depends on whether it is

insured under a replacement cost value policy or an actual cash value policy, with the latter potentially resulting in lower payouts. Homeowners are advised to regularly review and update their coverage limits to align with current construction costs and to understand specifics of their policies, including any building code upgrade coverage. Broker disclosure information indicates that brokers may charge negotiable fees, which may not be refundable unless incompetently acted upon. The policy outlines the rights of policyholders regarding cancellations and nonrenewals, specifying that insurers can only cancel policies for legally defined reasons after a certain period and must provide notice. Premium adjustments must be communicated within sixty days, and policyholders have the right to cancel if they do not accept increased premiums due to errors.

Additionally, the policy discusses home protection contracts, which cover repair costs for systems and appliances not included in homeowners insurance, clarifying that these contracts are not insurance policies and do not overlap with homeowners insurance coverage. Home protection contracts typically cost between \$350 and \$400 annually, with additional service call fees ranging from \$35 to \$50. These contracts may be unnecessary for homes with new or recently upgraded systems but can be beneficial for older homes where repair costs can accumulate quickly. It is advisable to shop around for homeowners insurance, comparing prices, services, and coverage, with resources like CDI premium surveys available for assistance. When seeking a premium quote or completing an application, providing complete and accurate information is crucial. Always verify the licensing status of your broker or agent through the California Department of Insurance (CDI) website or hotline, and ensure that applications and finance agreements accurately reflect coverage limits and deductibles before signing. Opting for a higher deductible can lower premiums, and payments should never be made in cash; checks must be payable to the insurance company or agency. Upon receiving your policy, it is important to review it thoroughly to confirm that all details are correct and to understand your rights and obligations. Keeping an inventory of personal property, including purchase dates and prices, along with photographs or videos, is recommended for efficient claims processing, with the CDI offering a Home Inventory Guide for assistance. The

California Department of Forestry and Fire Protection also provides resources to help safeguard homes from fire damage.

The glossary of terms includes definitions for key concepts such as Actual Cash Value (ACV), which determines recovery amounts based on total or partial loss; the roles of agents and brokers; and important policy terms like exclusions, endorsements, and deductibles. The CDI provides a process for filing complaints regarding issues such as claim denials, policy cancellations, and misrepresentation. For assistance, consumers can contact the CDI's Consumer Assistance Hotline or visit their website for more resources. The California Department of Insurance, led by Commissioner Ricardo Lara, serves as a consumer protection agency, offering impartial answers to insurance inquiries and free consumer information guides.