

The "Your Guide to Homeowners Insurance – For Michigan Consumers" document provides essential information regarding homeowners insurance policies in Michigan, emphasizing that such a policy is a contract between the insured and the insurance company, detailing coverage, responsibilities, and terms. The policy includes a declarations page listing the insurance company name, insured individuals, property location, policy number, covered property, purchased coverages, liability limits, deductibles, and premium amounts. It consists of insuring agreements, definitions, and conditions, with Section I addressing property coverage and Section II covering liability and medical expenses for injuries occurring on the property. Eligibility for homeowners insurance requires the insured to be an owner or tenant of specific dwelling types, such as houses or apartments, with ineligibility possible due to factors like past criminal activity, unpaid taxes, or significant property damage risks. While not legally mandated, homeowners insurance is typically required by lenders for financed homes, and failure to maintain coverage may result in force-placed insurance.

The document outlines various types of homeowners insurance policies, including Broad (HO-2), All Risk (HO-3), Renters (HO-4), and Condominium (HO-6) policies, each with distinct coverage details. It explains settlement options, differentiating between replacement cost, repair cost, and actual cash value for claims. Coverage parts include Dwelling (Coverage A), Appurtenant Structures (Coverage B), Personal Property (Coverage C), Additional Living Expenses (Coverage D), Liability (Coverage E), Medical Payments (Coverage F), and Property of Others (Coverage G), each with specific limits and exclusions. Additional coverages can be purchased to enhance protection, such as additional replacement cost coverage and ordinance and law coverage. Notably, the policy does not cover flood damage, necessitating a separate flood insurance policy, and homeowners are encouraged to consult their agents for guidance on acquiring this coverage.

Insurance companies determine premiums based on various rating factors, including coverage amount, home age and condition, claim history, construction materials, and local fire protection

availability. Discounts may be available for risk-reducing factors, such as paying in full, being a mature homeowner, or having a claim-free history. Homeowners are advised to maintain a written inventory of possessions and document their home to facilitate the claims process. In the event of a loss, homeowners should promptly notify their agent or insurance company, review their policy, and provide necessary documentation for claims processing. The guide encourages consumers to shop around for insurance coverage to find the best rates and inquire about available discounts. If disputes arise, homeowners should attempt to resolve them directly with the insurance company before contacting the Department of Insurance and Financial Services (DIFS) for assistance.

The document also clarifies key terms such as Actual Cash Value (ACV), which accounts for depreciation, and Additional Living Expenses (ALE), covering extra costs incurred if homeowners must live away from home due to an insured event. It distinguishes between "Named Perils" policies, which cover specific risks, and "All Risk" coverage, which protects against losses from any cause except those specifically excluded. The claims process is outlined, detailing how policyholders request reimbursement for losses and the role of adjusters in evaluating claims. The importance of the Declarations Page is highlighted, as it contains critical policy details. The guide concludes with information on non-renewal, cancellation, and conditions under which a policy may lapse due to unpaid premiums, making it a comprehensive resource for understanding homeowners insurance in Michigan, including coverage, exclusions, claims procedures, and key obligations of policyholders.