

The Homeowners Insurance Consumer's Guide, created by the Commonwealth of Virginia's State Corporation Commission Bureau of Insurance, serves as a vital educational resource for consumers to understand homeowners insurance and make informed decisions. It outlines essential coverages, types of policies, and purchasing tips, emphasizing the importance of protecting one of the most significant investments—your home—from financial losses due to events like fires, thefts, and accidents. The guide distinguishes between two primary types of homeowners policies: "named peril" policies, which cover specific risks listed in the policy, and "open perils" policies, which cover all risks except those explicitly excluded. Key coverages typically included are property damage coverage, liability coverage, medical payments coverage, and additional living expenses coverage. Property damage coverage protects against losses from various causes, while liability coverage protects against injuries or property damage due to the policyholder's actions. Medical payments coverage addresses medical expenses for injuries occurring in the home, regardless of fault, and additional living expenses coverage assists with costs incurred when temporary relocation is necessary due to covered damages.

When purchasing a policy, the guide advises ensuring that dwelling policy limits are at least 80% of the home's replacement cost, understanding the implications of vacant properties on coverage, and inquiring about additional coverages like water and sewer backup or building ordinance coverage. Consumers are cautioned to avoid cash payments to agents and to seek clarification on any additional fees. The guide also includes a glossary of terms and a complaint form for consumers facing issues with their insurance policies, aiming to empower them to navigate the complexities of homeowners insurance effectively.

The insurance policy outlines various types of homeowners coverage, including specific limits and exclusions. Coverage for trees, shrubs, and plants is typically limited to 5% of the dwelling policy limit, with a maximum of \$500 per item. Debris removal is covered if the damage is from a peril included in the policy, with an additional 5% available if the loss exceeds the policy limit. The HO-2

(Broad Form) policy covers named perils such as fire, windstorm, theft, and vandalism, while the HO-3 (Special Form) provides open perils coverage for the building, excluding specific risks like flood and earthquake, and named perils for personal property. The HO-4 (Renters Insurance) covers household contents and liability, and the HO-5 (Comprehensive Form) covers both real and personal property against all perils except those specifically excluded. The HO-6 (Condominium Unit Owners) policy insures personal property and alterations not covered by the condominium association.

Homeowners should aim for coverage limits of at least 80% of their home's replacement cost, with appraisals recommended to establish this value. Regular reviews of coverage are advised to account for inflation and improvements. Deductibles typically start at \$500, with options for higher deductibles that can lower premiums. Some policies may have separate deductibles for wind or hurricane damage. Homeowners are encouraged to keep an inventory of their belongings and consider additional coverage for high-value items.

Homeowners insurance policies can vary significantly in coverage and cost. For example, if a suit valued at \$250 depreciates over three years, a standard homeowners policy may reduce the claim payment based on that depreciation, potentially offering less than \$200, while a policy with full replacement cost coverage would pay the full \$250. When purchasing or renewing a homeowners policy, it is advisable to inquire about replacement cost coverage, which may come at a higher premium but could be beneficial. Virginia's competitive rating law means that different insurers will offer varying prices, so comparing policies from multiple companies is recommended to find the best combination of quality and price. Knowing the value of your property and obtaining quotes from several agents can aid in this process.

When selecting an insurance company, consider factors beyond price, such as financial stability, policyholder service, underwriting practices, and claims handling. If your insurer raises your

deductible at renewal, they must inform you and explain the implications. For mobile home owners, additional coverage considerations are necessary due to the increased risk of damage from high winds and fire. Mobile home policies may not cover collision damage while moving, and it is essential to notify the insurer before relocating the home.

Farmowners policies are available for those who own farms, but they may not automatically include replacement cost coverage for all structures, and separate policies may be needed for crops and livestock. Flood insurance is not typically included in standard homeowners policies in Virginia but can be obtained through the National Flood Insurance Program (NFIP), which covers direct flood damage, with a 30-day waiting period before a new flood insurance policy takes effect.

If difficulties arise in obtaining homeowners insurance, it is important not to assume all companies will deny coverage, as different insurers have varying underwriting requirements. Separate policies for home and liability coverage can be purchased if necessary. Limited insurance protection is available through the Virginia Property Insurance Association as a last resort. If financing a home, lenders may require fire insurance, and failure to obtain it may result in forced-placed coverage, primarily protecting the lender's interests.

In the event of a loss, homeowners must contact their insurance agent or company immediately to file a claim, as prompt action can expedite payment. They must provide immediate notice of a claim, protect their property from further damage, and maintain records of any emergency repairs. Preparing an inventory of personal property can aid in the claims process. Homeowners should also be aware of other insurance types, such as mortgage guaranty insurance, which protects lenders, and title insurance, which safeguards against defects in property titles.

The insurance policy provides coverage to protect investments, with the option to negotiate title insurance rates in Virginia. If compensation offered by the insurance company is unsatisfactory,

homeowners may seek an independent appraisal or hire a lawyer. The insurer has the right to request documentation to verify ownership and value of claimed items, and policyholders are responsible for proving their loss. There is no grace period for late payments; a policy can be canceled for nonpayment even if the payment is just one day late. The insurer must acknowledge receipt of a claim within ten working days, but there is no specific timeframe for settling claims, although updates should be provided every forty-five days if additional time is needed for investigation.

Homeowners policies typically do not cover earthquake damage, and mold is only covered if it results from a loss that is itself covered. While terrorism exclusions are not permitted, coverage for watercraft is limited, often around \$1,000, and additional coverage may be necessary for boats. Identity theft coverage may be available depending on the insurer. Insurance companies can refuse to issue a policy or increase premiums based on credit history, but they cannot nonrenew a policy solely based on credit. Policyholders can shop for better rates even if premiums are paid through a mortgage company, but must notify the mortgage company of any changes.

Policies can be nonrenewed for various reasons, including claims history, but not based on age, race, or other discriminatory factors. A written notice must be provided for nonrenewal, including the reason and the right to appeal. After the first 90 days, policies can only be canceled for specific reasons, such as nonpayment or fraud. If a policy is believed to be improperly terminated or a claim unjustly denied, the insured should first contact their agent or the insurance company. If unsatisfied with the response, they can seek assistance from the Virginia Bureau of Insurance, which offers free services to investigate complaints and clarify issues, although it cannot provide legal services or force favorable outcomes without supporting facts.

The document includes a complaint form for an insurance policy, specifically for auto or homeowners insurance, and a quotation worksheet for homeowners insurance. The insured must

provide their policy, claim, or ID number, the type of insurance, and the date of loss, detailing their complaint and attaching relevant correspondence to assist the Bureau of Insurance in evaluating the matter. The insured consents to the sharing of this information with the party complained against and authorizes the release of medical records related to the complaint. The form must be signed and dated.

The homeowners insurance quotation worksheet requires the applicant to provide their address, the number of losses in the last three years, and details about the dwelling, including the number of apartments, construction type, age, and various features such as central air conditioning and smoke detectors. It also asks for the current market value, purchase price, and replacement cost of the dwelling and land, as well as the distance from the nearest fire hydrant or station.

The cost of insurance section details the annual premium, policy forms, and coverage amounts for dwelling, other structures, unscheduled personal property, additional living expenses, personal liability, and medical payments. It specifies the deductible amount and any scheduled personal property, summarizing the total annual premium and any installment charges, leading to the total annual cost of homeowners insurance. The document is issued by the Commonwealth of Virginia's State Corporation Commission, Bureau of Insurance.