

The Homeowners Insurance Guide outlines essential information regarding homeowner's insurance, which protects against financial losses related to property damage or liability. While not legally required, mortgage lenders typically mandate insurance coverage at least equal to the mortgage value. The guide details various standard types of homeowner's policies, including the Basic Coverage Form (HO-1), which offers minimal coverage for specific perils; the Broad Coverage Form (HO-2), which covers named perils for both dwelling and personal property; and the Special Coverage Form (HO-3), which provides open perils coverage for the dwelling, excluding specific risks like floods and war. The Tenants Form (HO-4) is tailored for renters, covering personal property, while the Broadest Coverage Form (HO-5) offers extensive open perils coverage for both home and personal belongings. The Condominium Form (HO-6) provides similar coverage for condo owners, with structural coverage varying based on the condo association's bylaws.

Coverage categories include Dwelling (Coverage A), Other Structures (Coverage B), Personal Property (Coverage C), Loss of Use (Coverage D), Personal Liability (Coverage E), and Medical Payments to Others (Coverage F). Policies may operate on an Actual Cash Value basis, accounting for depreciation, or a Replacement Cost basis, which covers rebuilding costs without depreciation. The guide emphasizes the importance of maintaining an inventory of possessions for claims purposes and suggests keeping receipts and photos as proof of ownership.

The insurance contract establishes mutual responsibilities, with the policyholder paying premiums in exchange for coverage. Coverage begins upon application approval, often with a temporary binder. Policies typically renew unless the insurer provides a 45-day notice of non-renewal. Cancellation provisions vary; insurers can cancel within the first 59 days for any reason, while post-59 days cancellations require specific justifications, such as non-payment or fraud. Policyholders can cancel at any time, usually receiving a pro-rated refund.

Choosing an insurance company involves comparing rates and considering service reputation. The

guide encourages consumers to research companies and agents, including checking for disciplinary actions through the Vermont Insurance Division. For unresolved disputes, policyholders can file complaints with the Department of Financial Regulation. Additionally, the guide provides resources for understanding credit scores' impact on insurance and obtaining flood insurance.