

The Maryland Insurance Administration (MIA) offers a detailed guide on homeowners insurance, highlighting its significance for financial protection against losses such as fire, theft, and accidents. Homeowners insurance is often mandated by mortgage lenders to protect their financial interests, and it is advisable for all homeowners, regardless of mortgage status, to secure this coverage. Various homeowners policies are available, including named peril policies (HO-2), which cover specific risks like fire and theft, and open perils policies (HO-3), which cover all risks except those explicitly excluded. The HO-2 policy includes coverage for perils such as fire, windstorm, vandalism, and personal liability, while the HO-3 policy generally covers the dwelling against all perils unless specifically excluded, and personal property against named perils. Common exclusions include flood, earthquake, and neglect. The guide emphasizes the importance of understanding coverage details, reviewing policy terms, and fulfilling obligations after a loss, such as promptly notifying the insurer and protecting property from further damage.

The HO-3 policy typically covers the cost of returning property to a livable condition using commonly used materials, with various deductible options affecting out-of-pocket costs. Higher deductibles generally lead to lower premiums, while some policies may have special deductibles for wind or storm damage. Mobile home insurance has specific requirements, including notifying the insurer before moving the home, and standard homeowners policies do not cover flood damage, which can be obtained separately through the National Flood Insurance Program (NFIP). Homeowners insurance policies combine multiple coverages, including property damage, liability, medical payments, and additional living expenses, with specific limits and conditions for each type of coverage.

The policy also includes limited coverage for other structures, personal property away from home, trees and shrubs, and debris removal, with certain items like cash and jewelry having limited coverage unless additional insurance is purchased. Mold damage coverage varies by policy, and it is crucial for policyholders to review their policies for specifics. Upon purchasing or renewing a

policy, an Annual Statement summarizing coverage and exclusions is provided, but this does not replace the actual policy. Insurers must inform policyholders of the exclusion of flood damage at the time of purchase and the option to buy flood insurance.

Factors influencing premium costs include prior claims history, home type and age, local fire protection quality, coverage amounts, and deductibles. Insurers cannot consider certain factors, such as claims inquiries or a person's status as a crime victim, when determining premiums. If a mortgage exists, lenders may require insurance, and failure to obtain it can lead to force-placed coverage. Homeowners are encouraged to seek policies from different insurers if difficulties arise, and limited insurance may be available through the Maryland Property Insurance Availability Program.

During the application process, accurate information is essential, as misrepresentation can lead to policy cancellation. Insurers have a 45-day underwriting period to assess eligibility, and if declined, a written explanation must be provided. Homeowners should document premium payments and inquire about discounts for safety features or multi-policy arrangements. It is recommended that policy limits be at least 80% of the home's replacement cost.

The policy outlines various coverage aspects, including the requirement for insurers to offer coverage for water backup through sewers or drains, which may incur additional costs. Building ordinance or law coverage is also available for compliance with current building codes. The document highlights critical provisions affecting claims, such as the impact of leaving a home vacant and anti-concurrent causation clauses that may exclude coverage for losses caused by a combination of covered and noncovered perils. Consumers are entitled to annual summaries of coverages and exclusions and notifications regarding specific dog breeds.

To protect property, policyholders are advised to maintain an inventory of personal belongings and

notify their insurer of any changes. In the event of a loss, they must promptly notify the insurer, protect their property, and provide a list of damaged or stolen items. The claims process distinguishes between actual cash value and replacement cost coverage, with specific timeframes for submitting claims and notifying the insurer of repair or replacement intentions. If disputes arise regarding claim amounts, policyholders can request an appraisal or file a complaint with the MIA.

The policy allows for checks to be issued jointly to the insured and their mortgage lender if applicable. Insurers must provide a 10-day notice before canceling a policy for nonpayment of premiums, while nonrenewal requires a 45-day notice. Insurers cannot refuse to renew based solely on geographic location unless specific conditions are met, and homeowners can shop for better rates even if premiums are paid by a mortgage company. Additional coverage may be necessary for home-based businesses, and standard homeowners policies typically do not cover earthquake damage.

If issues arise with the insurer, policyholders should first contact the insurer directly. If unresolved, complaints can be filed with the MIA, which oversees compliance with state insurance laws. The MIA also offers a Rapid Response Program to assist consumers in resolving claims without formal complaints. Consumers can file civil complaints for special damages if they believe their insurer has not acted in good faith. The MIA defines good faith as making decisions based on honesty and diligence supported by evidence. This guide serves to educate consumers about homeowners insurance but is not a substitute for reviewing individual policies, and consumers are encouraged to consult knowledgeable insurance representatives for personalized advice.