

The New Jersey Department of Banking and Insurance (NJDOBI) has developed a consumer guide to help individuals understand Homeowners, Renters, and Condominium Insurance, highlighting the significance of safeguarding homes and belongings, which are substantial financial investments. Homeowners insurance generally covers the dwelling, personal property, personal liability, medical payments to others, and additional living expenses if the home becomes uninhabitable. Renters insurance offers similar protection for personal belongings and liability, while condominium insurance covers personal property and improvements not included in the condominium association's master policy. Homeowners insurance encompasses various coverage types: Coverage A (Dwelling) for the home and attached structures, Coverage B (Other Structures) for unattached structures, Coverage C (Personal Property) for contents, Coverage D (Loss of Use) for additional living expenses, Coverage E (Personal Liability) for legal responsibilities for injuries to others, and Coverage F (Medical Payments to Others) for medical expenses for guest injuries. Additional coverages may include credit card coverage, debris removal, and limited coverage for trees and shrubs. Common exclusions in homeowners policies consist of water damage from floods, normal wear and tear, loss of pets, and damages from war or neglect. Homeowners are advised to compare insurance products and rates, as different companies offer varying coverages, limits, and deductibles, and to inquire about available discounts. The FAIR Plan provides basic property coverage for properties that cannot be insured through standard or surplus lines markets, although it does not cover theft or personal liability unless added as an endorsement. Factors influencing insurance costs include the home's location, rebuilding costs, and risks such as fire hazards or crime rates, with homeowners encouraged to insure their property to its replacement cost to avoid underinsurance penalties.

The insurance policy specifies factors affecting premiums, including the home's construction type, age, condition, claim history, selected coverages, and chosen deductibles. Homes made of brick may have lower premiums than wooden homes, while older homes or those needing updates typically incur higher premiums. A history of homeowner claims can also impact rates. Optional

endorsements, such as replacement cost coverage for personal property, may increase premiums, while higher deductibles can lower them. Bundling home and auto insurance may yield discounts. The policy differentiates between Actual Cash Value (ACV), which reflects the current value of an item considering its age and condition, and Replacement Cost, which covers the expense to repair or replace an item with similar quality at current prices. Optional windstorm or hail deductibles can be selected to reduce premiums, and hurricane deductibles apply specifically to losses during hurricanes, calculated as a percentage of the Coverage A amount. Insurers may utilize consumer credit reports during underwriting, as credit information can indicate potential claim frequency and severity. Consumers have rights under the Fair Credit Reporting Act, including the right to review their credit report if adverse action is taken based on it. Discounts may be available for multiple policies, protective devices, non-smoking households, and long-term policyholders, with increased deductibles also potentially lowering premiums, provided policyholders can afford the deductible in case of a loss.

When selecting an insurance policy, it is essential to consider not only the premium cost but also the benefits, exclusions, service quality, renewability, and the financial strength of the insurer. If a mortgage is involved, the lender will require homeowner insurance and may be designated as a loss payee. Failure to maintain coverage may lead to the lender purchasing more expensive "lender placed" insurance. To mitigate losses, homeowners are encouraged to install safety devices, maintain their property, and practice emergency drills. It is crucial to read and understand the policy contract, keep it in a secure location, and ensure timely premium payments to avoid cancellation. Maintaining a home inventory is also recommended for efficient claims processing.

In the event of a loss, policyholders should promptly report it to their insurer, document the situation, and make necessary temporary repairs. The insurer will assign a claims adjuster to assess the damage. If disputes arise regarding coverage, policyholders can seek assistance from NJDOBI or request a review from the insurer's Internal Appeals Panel. The insurer retains the right to cancel a

policy within the first 60 days for any lawful reason, requiring written notice. Mid-term cancellations may occur for non-payment or other policy violations, while non-renewal necessitates a 30-day written notice from the insurer. The Consumer Assistance Unit of the Division of Insurance is available to assist with questions or complaints regarding insurance policies.