

The "Your Guide to Homeowners Insurance" from the Pennsylvania Insurance Department provides crucial insights into homeowners insurance policies, detailing five main types: Forms 2, 3, and 8 for homeowners; Form 4 for tenants or renters; and Form 6 for condominium owners. These policies generally cover losses or damages to the home and its contents from various perils, including fire, windstorm, theft, and personal liability, while also offering additional coverages such as additional living expenses, personal liability, and medical payments. However, significant exclusions exist, particularly for flood damage, which is not covered under any homeowners policy, and coverage for sinkholes and earth movement is typically excluded, although additional coverage options may be available.

The guide stresses the importance of insuring a home to its replacement cost value, recommending that homeowners insure at least 80% of this value to avoid reduced payouts in the event of a loss. Personal property coverage is generally set at 50% of the home's insured value, with specific limits on valuables like jewelry and silverware, which can be increased through endorsements. Policyholders are encouraged to maintain adequate coverage and regularly review their policies with their insurance agents to ensure they meet their needs.

In the event of a loss, policyholders must comply with specific conditions, including maintaining the property and taking precautions if it is vacant. Understanding the policy's terms and conditions is crucial, as it serves as a legal contract outlining the rights and responsibilities of both the insured and the insurer. Consumers are advised to verify the licensing of their insurance agents and companies to ensure legitimacy.

The homeowners insurance policy includes essential coverage details, emphasizing the need for adequate replacement coverage for both the dwelling and personal belongings. It notes that if the insurance company becomes insolvent, policyholders will not be protected by the guaranty fund. A deductible, such as \$250, applies to each loss, except for personal liability coverage, which has no

deductible. Increasing the deductible can lower premiums, and discounts may be available for safety devices or policy bundling. Consumers are encouraged to seek unbiased information from various sources, including the Pennsylvania Insurance Department, for inquiries about home insurance coverage.

The document also discusses different marketing methods used by insurers, such as direct marketing, independent agents, and exclusive agents, each offering varying service levels and pricing. It advises consumers to provide consistent information when requesting quotes to ensure accuracy. Key factors influencing insurance prices include the dwelling's replacement cost, liability coverage, lender requirements, the type and age of the house, local fire protection, and the chosen deductible. Importantly, flood damage is not covered under standard homeowners insurance, prompting a recommendation for separate flood insurance.

Regarding premium payments, Pennsylvania law does not require a grace period, allowing companies to cancel policies for nonpayment. Rate increases must be approved by the Insurance Department, and surcharges may apply under certain conditions. If a policy is canceled or nonrenewed, the insured should contact their agent for clarification and can appeal to the Pennsylvania Insurance Department if dissatisfied with the insurer's explanation. While homeowners insurance is not mandated, lenders may impose coverage requirements. Insurers cannot terminate policies solely based on claims history, although repeated claims may lead to recommendations for improvements.

For renters, the policy provides guidance on obtaining coverage for personal property against various risks. In case of disputes over claim settlements, policyholders can invoke the appraisal clause for independent appraisers to assess damages. The insurance company has 60 days to underwrite applications and may refuse coverage for valid reasons, but not based on discriminatory factors. The importance of insuring to replacement cost value is reiterated to prevent financial

shortfalls in restoring the home after a loss. For further assistance, consumers are directed to contact their insurance agent or the Pennsylvania Insurance Department's consumer hotline.