**Home and Renters Insurance**

**By Ravi Nanju, January 2011**

**List of the most commonly used forms of insurance**

HO-1 is very basic coverage, insuring against fire or lightening damage.

HO-2, called “broad coverage,” also covers loss of or damage to property resulting from windstorm or hail, theft, explosion, smoke damage from vehicles and aircraft, glass breakage, removal of property endangered by covered peril such as fire, vandalism, malicious mischief, and riot or civil commotion. HO-2 also covers building collapse, freezing of or accidental discharge of water or steam from within plumbing, heating, or air-conditioning, falling objects, weight of snow, ice, or sleet, and rupture or bursting of steam or hot water heating systems.

HO-3, called the “special” form, insures your home and detached structures against loss or damage from any peril except for those specifically excluded in the policy. This is the policy most homeowners purchase. It is important for you to read your policy carefully to see what is excluded—you may want to cover exclusions with special endorsements.

HO-4 is a tenant’s policy and insures your household contents and personal belongings against the perils of the HO-2 policy. It also covers additional living expenses if needed, medical payments, and also liability protection.

HO-6 covers a condominium unit-owner who wishes to insure items not insured by the association policy, as well as the personal property inside the unit and personal liability protection.

HO-8 is the “older home” policy. Having an older home may preclude your being able to buy a replacement policy; you may have to buy a modified replacement policy instead. This means that instead of replacing such older home materials as plaster walls for example, the policy will pay for standard building materials and processes in use now.

**RENTERS INSURANCE**

Renters insurance is a necessity for anyone renting or subletting a home or apartment. to protect your belongings and your liability. In fact, many landlords require tenants to purchase rental insurance when they sign a lease. Property owners or landlords are required to hold homeowners coverage, which protects the actual structure of the house or apartment and the land it is located on. Most renters however, aren’t aware that all the personal property inside the home are that of the tenants and therefore will only be covered if the tenant has a rental insurance policy.

If there was a flood, theft or fire in which the property and all the items inside the property were destroyed or stolen, the landlord would be covered for the property with the homeowner’s coverage policy but the items inside the home would be the responsibility of the renter. If the renter has a renter’s insurance policy, their valuables will be replaced by the replacement contents coverage.

Many people who already have a car insurance policy, healthcare coverage or life policy may simply add their renters insurance to their existing coverage policy but it’s always a good idea to review your policies every six months in order to make sure you are adequately covered. Many property insurers will offer a discount when you bundle your policies so you that can find an even more affordable renter insurance coverage.

In addition to insuring your valuables and personal property, you will also be protecting yourself against lawsuits with liability protection. If a person is injured in your home that is not due to a problem with the actual structure of the home, they can sue you. If you have a renter’s insurance policy however, you can protect yourself from any litigation that might results from someone injuring themselves while visiting your home.

**Types of Renters Insurance:**

**Basic renter insurance** will provide coverage to you, in the event that your belongings are lost.

The range of causes can include:

-fire

-water damage (broken pipes)

-burglary

This insurance will also cover damage caused by you, to the landlord’s property. For instance, if you host a party and one of your guests breaks a hole in the wall.

Several things to consider also:

**Your inventory:**

Take a look around your dwelling. Make note of all items of value, and especially of those items with high value/high replacement cost. It might be good to catalog all of your possessions in a table or spreadsheet for easy future reference.

**Deductibles:**

With any type of insurance policy, you’ll have to decide how much your deductibles are going to be. In general, the higher the deductible, the lower your premium will be.

**Replacement Cost and Actual Value:**

Basic policies begin with coverage for the actual cash values of your covered belongings. Example: a 10 year old TV would be covered for its initial cost, minus the depreciated cost. A 10 year old TV is really not worth much today, so in the end, you wouldn’t get much cash for it. If you have items like this, it may be better to opt for replacement cost coverage instead. With this coverage, you would be reimbursed for the total current cost of a new TV. A thing to remember is that replacement cost coverage is more expensive, but perhaps worth the extra cost.

**Loss of use coverage:**

If, for some reason, you aren’t able to live within your apartment, your coverage will take care of expenses that are incurred through food and lodging.

**Specialty Items:**

Items include: antiques, jewelry, special electronic equipment, etc. A **floater policy** is essentially a separate policy from your general coverage.

The first type of homeowner’s insurance coverage is for the home’s structure. This is often referred to as Coverage A, or Dwelling coverage. Coverage B covers structures on the property that are not attached to your home such as detached garages or workshops. These types of coverage insures the structure of your home and other important buildings from the cost of damages caused by theft, vandalism, snow, ice, fire, lightning, smoke, accidental flooding as a result of your home’s plumbing, damage from vehicles, and other accidents. In some areas, such as areas known for heavy snowfall, flooding, hurricanes, and earthquakes, you may need additional coverage to protect you. Be sure to pay careful attention to your policies list of exclusions and purchase extra insurance to cover these exclusions when necessary.

The second type of coverage is individual property coverage, also known as Coverage C or personal property coverage. This protects the assets inside your home from the same types of perils as Coverage A and B. Before you purchase insurance you should make a detailed inventory of what you own, taking pictures of anything of significant value. Anytime you upgrade or add to your belongings, call your insurance company and have them add new items to your coverage list. Serial numbers of big-ticket items should also be documented.

The third type of coverage is legal responsibility, also known as Coverage E o r personal liability coverage. This coverage protects you from legal expenses and medical bills if someone gets hurt on your property. Most insurance companies recommend at least $300,000 of combined legal and medical coverage per individual. You can purchase more if you desire. Some insurance companies will have a separate section for medical expenses, which covers minor bills due to injury on your property. For example, if your child’s friend breaks an arm while at your house, medical coverage would cover the emergency room bills and x-rays, while a major accident such as a porch collapsing during a party would be covered by liability.

I will give you my own example. My son was playing at another relatives house. Accidently one of the kids banged the door shut that resulted in my son almost loosing a portion of his little finger of his right hand which was virtually hanging. 911 was called and the ambulance came and took him to the nearest hospital. There the doctors refused to treat him till one of us parents came in or we authorized someone. After  rushing there and getting the treatment done , the hospital recommended that we had to go to a hand surgeon in Manhattan to get is hand sewed back and build a special plastic  hand cast to protect this little finger. We rushed there only to be told that they don’t accept any insurance only cash. Almost $2000 for 5 visits. We paid and while doing the treatment we contacted the insurance Company Blue Cross only to be told that we did not contact them to get approval so no reimbursement was allowed because he was an out of network doctor. My logical conclusion to this episode was I should have asked the hospital alternates and confirmed if they accept our insurance. Before heading off in a rush. Lastly we got a $500 bill from FDNY for a 5 minute ride to the hospital. Plus the hospital charged us the emergency room deductible or $50.  We paid it. At the end we realized that had our relative taken the liability and renters policy we would have got the entire out of pocket amount reimbursed instead of spending over $2500.

Finally , most insurance policies cover some type of coverage for temporary living expenses, known also as Coverage D or loss of use coverage. This part of your insurance covers you if you are displaced from your home following a claim that your temporary housing costs will be covered in addition to the repairs or rebuilding of your home.

**Note: Always ask for deductible or at least $5000 to $10000 because if you do that you save at least 25% on the premium. Contents of the house most guys will offer $300000 and up. Majority of us even with high end electronics and appliances and jewelry it is not more than $50000 value so that is good enough and you save a lot of premiums. SHOP – SHOP and SHOP around and get it in writing and compare and ask questions before your settle on one you like.**