LEARN YOUR ABC'S: UNDERSTANDING YOUR BASIC HOMEOWNER'S INSURANCE COVERAGE

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The thought of reading an insurance policy is unlikely to excite most homeowners. Understanding an insurance policy is probably even farther off the radar of enjoyable tasks to complete during precious free time. However, understanding the most basic coverage can help an insured recognize their insurance limits and confirm they have the right amounts available for their needs in the event of a loss.

The basic information regarding available coverage is outlined on the insurance policy's declarations page. Here, you will find the insurance premium, deductibles and limits. The policy limits are generally identified as Coverages A-D.

- Coverage A: Coverage A is the amount of insurance available for the dwelling. In other words, these limits apply to physical damage sustained to the home. Most often, in a standard homeowner's policy, the dwelling refers to the property located on the declarations page and in which an insured resides. If you are not living at the insured property or use the property as a source of rental income, it is prudent to speak with your agent to confirm you have the right policy form applicable to the use of the home. Otherwise, you may not be afforded the coverages you believe to be available.

- Coverage B: This coverage, other structures, applies to structures detached from the physical property. These can include fences, walls, carports, garages, etc. that are not a part of the dwelling. If you do not have any such structures on your property, speak with your agent regarding whether you pay any increased premium for Coverage B.

- Coverage C: Coverage C provides insurance for your personal property or contents. Typically, contents coverage is a set percentage of the dwelling limits. If your contents coverage is minimal, you can speak with your agent regarding increasing it for an additional premium. It is also worth noting that some contents such as money, securities, gold, silver, medals, jewelry, firearms, etc. may have specific sublimits outlined in the policy. Many insureds are surprised to learn only after a loss that these limits only apply to certain events, including theft or vandalism. In addition, some more expensive personal property items may require a specific schedule and itemization to be considered insured under a policy.

- Coverage D: Coverage D, described as a loss of use, is commonly referred to as additional living expense coverage. This coverage allows for payment of the necessary increase in living expenses resulting from a covered loss so the household can maintain its normal standard of living. Typically, these expenses relate to a percentage of Coverage A limits. This is an important coverage to maintain in the event you need to leave your property and seek alternative living arrangements following a loss.

Should you have any questions or concerns about your insurance coverage, please do not hesitate to contact Michael J. Higer of Berger Singerman's Insurance Team.

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