



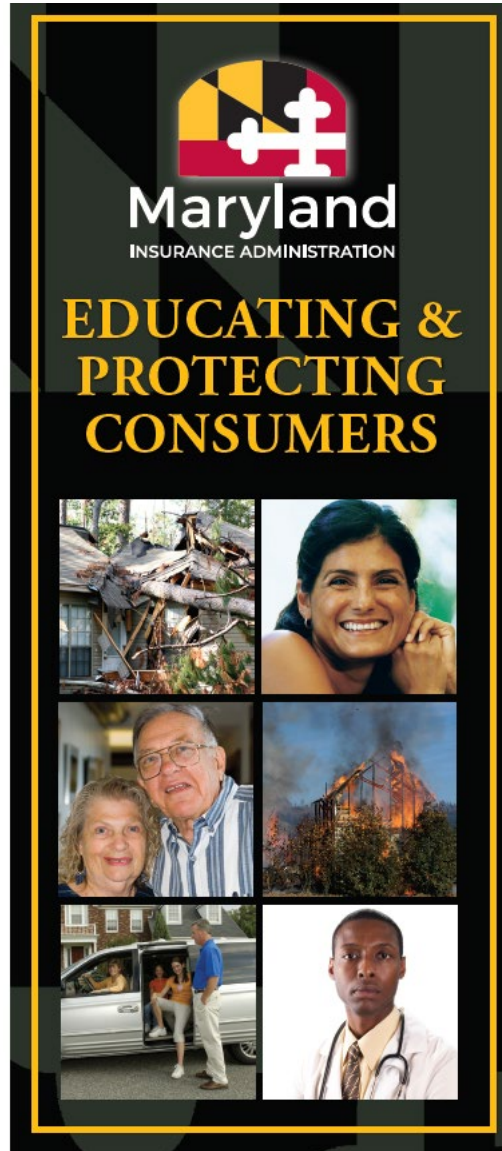
Homeowners Insurance

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This presentation does not provide legal advice. You should discuss specific questions with your trusted financial advisor or insurance producer.

What is the Maryland Insurance Administration



The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

Licenses insurers and insurance producers (agents or brokers).

Examines the business practices of licensees to ensure compliance.

Monitors solvency of insurers.

Reviews/approves insurance policy forms. Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.

Investigates consumer and provider complaints and allegations of fraud.

[Video: How the MIA can help](#)



What is the Maryland Insurance Administration?

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. Examples of improper actions include:

- Improperly denying or delaying payment of all or portions of a claim;
- Improperly terminating your insurance policy;
- Raising your insurance premiums without proper notice;
- Making false statements to you in connection with the sale of insurance or processing of insurance claims; and,
- Overcharging you for services, including premium finance charges.



What is homeowners insurance?

Why do I need it?

Homeowners insurance can help you manage the financial risks of homeownership. Homeowners insurance may:

Help you recover financially following a covered loss to your :

- a. Dwelling
- b. Personal Property (contents)
- c. Other Structures

May protect you financially if someone is hurt or their property is damaged because of something you did or something that happens on your property by providing liability coverage and/or paying for medical payments.



What are the different types of homeowners policies?

Policies have various names depending on the insurer that sells them. However, standard homeowners insurance policies are often referred to as:

- HO-2 Broad Form (named peril)
- HO-3 Special Form (open form and named peril)
- HO-4 Renters
- HO-6 Condominium Unit Owners
- HO-8 Modified Name Perils form (usually for older homes)

More information on these forms can be found on pages 2-3 of Maryland Insurance Administration's *A Consumer Guide to Homeowners Insurance*

<https://insurance.maryland.gov/Consumer/Documents/publicnew/homeownersinsguide.pdf>

What are the basic parts of a homeowners insurance policy?

The terms and amount of coverage for a particular loss will depend upon the terms of your policy. Generally, homeowners policies include the following parts:

Dwelling Coverage –provides protection if a covered PERIL damages or destroys your home.

Other Structures – provides protection if a covered peril damages or destroys detached outbuildings and structures, like fences, that are not part of your dwelling.

Personal Property (contents) –provides protection if your personal property is lost, damaged or destroyed by a covered peril.

Additional Living Expenses (ALE) – may pay for additional expenses you incur when you cannot live in your home because of damage or loss that is covered by your policy. Generally, coverage will only pay for living expenses that are not “normal and customary”.

Liability Coverage – may provide protection if you or a member of your family are legally responsible for an injury to another person or cause damage to another person’s property.

Medical Payments – provides payment up to a specified amount for reasonable and necessary medical expenses incurred people injured in an accident in your home regardless of fault (**does not apply to you or member of your household**). This provision will pay covered medical expenses for a minimum of up to three years from the date of injury or accident.



What is homeowners insurance?

Perils

Homeowners insurance policies protect you from loss, damage, or injury due to covered perils (causes of loss). Your policy may cover named perils only (such as fire, windstorm, hail, vandalism or theft); or, it may be an “open peril” policy (sometimes called an “all risks policy”) – meaning it covers all causes of loss unless the cause of loss is specifically excluded. A policy may also be a combination of both.

What are the basic parts of a homeowners insurance policy?



- **Trees, Shrubs, and Plants** — This part of your policy provides limited protection against damage to greenery on your property. The coverage on trees, shrubs, and plants is provided only against certain perils and may have a dollar limit as well. For example, damage to greenery caused by windstorm or ice is not usually covered, even if you buy an open peril policy.

What are the basic parts of a homeowners insurance policy?

- **Debris Removal** — This part of your policy generally pays to remove debris of damaged property following a covered loss. Your policy may also pay to remove fallen trees that cause damage to your covered property.

* It is important to remember that even if the loss, damage or injury is covered by your policy, your policy will only pay up to the policy limits you purchased.



What coverage options do I need?

- Do you want replacement cost value or actual cash value for your belongings?
- Do you need additional coverage for valuable belongings?
- What deductible should I choose?
- How much liability coverage do I need?
- What about water/sewer back up and building ordinance coverage?



What coverage options do I need?

Know the difference between ACV and RCV

Actual Cash Value (ACV) is the cost to replace the damaged property with “like kind or quality” minus depreciation for age and use.

Replacement Cost Value (RCV) is the cost to replace the damaged property **with “like kind or quality”**, at full cost without depreciation, **less the amount of your deductible.**

❖ **It’s important to remember you may not receive the full replacement cost until you actually repair or replace the damaged property.**

What coverage options do I need?

- Coverage for certain types of personal property may be capped at lower limits. If you keep things that are particularly susceptible to loss like cash, securities, jewelry, furs, manuscripts, and stamp or coin collections, to name a few, in your home, you may need to increase the included limits at additional cost.
- Additional amounts of insurance can be purchased separately. Ask your insurer or insurance producer for information about scheduling valuable items separately and the cost of the additional coverage.



What coverage options do I need?

Additional Coverages – Water/Sewer Backup Coverage

- Water that backs up through sewers or drains when this backup is not due to the negligence of the insured is typically not covered under a standard homeowners policy, but you can purchase water/sewer backup coverage. **This coverage protects your home when water overflows a sump pump or sewage enters your home through pipes designed to carry it away.** Most insurers offer several different coverage limit options.

What coverage options do I need?

Additional Coverages – Ordinance or Law Coverage

- Be familiar with your local building codes.
- If your home is damaged during a disaster, you may be required to perform expensive upgrades to your property to comply with your county's current building codes.
- Ask your insurance producer if the insurer offers building ordinance or law coverage.

Deductibles

- You may have many options when choosing a deductible. If you choose a policy with a \$500 deductible – there must be \$500 of covered damage to your home or personal property for each claim before you are entitled to collect any money from your insurer. Your insurer will deduct \$500 from the total amount of covered damage.
- Higher deductibles reduce your premium. Choose a deductible that you will be able to afford to pay out of pocket if you have a claim.
- You can ask your insurer or insurance producer how much your premium will be reduced by increasing the amount of your deductible.

Deductibles

- Some homeowners policies contain special percentage deductibles for losses caused by specific perils such as wind, hurricanes or other storms. The insurer may automatically include these deductibles or make these deductibles available at the option of the policyholder. Always ask your insurer or insurance producer if your policy has a flat deductible or a percentage deductible. Percentage deductibles are based on your dwelling coverage limit, not the amount of your loss.

Example: If your dwelling is insured for \$100,000, and your policy has a 2% deductible for certain perils, your deductible would be \$2,000.

What factors affect the cost of my homeowners insurance policy?

Prior Claims – Some insurers may review not only your loss history, but the loss history of the property when making a decision on whether to insure you.

Some factors they may use to quote premiums using prior claims:

- **Date(s) of prior claims**
- **Nature of Claim**
- **Amount paid by insurer for claim(s)**



PHOTO: JUSTIN SULLIVAN/GETTY IMAGES

What factors affect the cost of my homeowners insurance policy?

- ✓ Construction type of home (frame, brick, modular, etc.)
- ✓ Age of home and home's systems (electrical, plumbing, HVAC, roof, etc.)
- ✓ Access to & quality of local fire protection
- ✓ Discounts (ex., installing deadbolt locks or alarm, and having multiple policies)

What types of losses are NOT covered?

Most homeowners insurance policies exclude the following types of losses:

- ✓ Mudslide
- ✓ Earth Movement
- ✓ Groundwater or seepage
- ✓ Flood



Flood insurance may be available as an endorsement to your homeowners, renters, or condominium insurance policy, or as a separate policy. While some insurers offer flood policies, flood insurance can also be purchased from the National Flood Insurance Program (NFIP). For more information, contact your insurer, insurance producer, or go to the NFIP's website, www.floodsmart.gov.

Flood Insurance

- ✓ Even if your home is not in a flood zone, you may still be at risk for flooding. Most claims under federal flood insurance policies involve homes that are not located in a high risk flood zone.
- ✓ Flooding can be caused by heavy rain, which has occurred recently in Baltimore City as well as in Baltimore, Frederick, and Howard Counties.
- ✓ Flood insurance is offered through the federal government's National Flood Insurance Program.
- ✓ The NFIP program includes a 30 day waiting period for new or modified flood policies.
- ✓ Standard flood policies from the NFIP cover direct losses caused by flood subject to policy terms and conditions.
- ✓ Two types of coverage are available under the NFIP standard flood policy – structural and contents.



Flood Insurance

Structural Coverage – Covers damage to walls, floors, insulation, furnace and items permanently attached to the insured structure.

➤ Coverage is up to \$250,000 for residential buildings

Contents Coverage – Coverage for your personal property.

➤ Coverage on all residential personal property is up to \$100,000



Flood Insurance

Basements are any area of a building with a floor that is below ground level on all sides.

Basement items COVERED by flood insurance

- Unimproved structural parts (walls, foundation and utility connections)
- Essential equipment (sump pumps, water tanks, furnaces and air conditioners)
- Clean-up

Basement items NOT COVERED by flood insurance

- Basement improvements (finished walls, floors or ceilings)
- Personal belongings kept in a basement



Frequently Asked Questions

How much coverage do I need for my household property?

This depends on the value of your personal property. You should start by making an inventory of your personal property and determining the value of that property.

[Video: Creating a Home Inventory](#)

- Group items together in logical categories, or room by room. Don't forget rarely used items.
- Photograph or videotape each item or room.
- Store your home inventory and related items, such as sales receipts or appraisal documents, in a safe place such as in the cloud or in a fire-proof box or safe deposit box.

An updated inventory can also make it easier to file an accurate, detailed insurance claim in case your personal property is damaged or destroyed by a covered cause of loss under your policy.

Introduction to our Rate Guide

Comparison shopping is the key to getting the most out of your insurance dollar.

Tips for getting the most out of insurance shopping:

- Make sure you provide the same information to each insurer or insurance producer.
- Ask about discounts.
- Ask about deductibles and when they apply.
- Ask about what is covered and what is excluded.
- In addition to price, consider factors such as coverage limits and customer service.
- Ask friends and neighbors about their experience with different insurers.



Introduction to our Rate Guide

This consumer guide should be used for educational purposes only. It is not intended to provide legal advice or opinions regarding coverage under a specific insurance policy or contract; nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide.

Introduction to our Rate Guide



Introduction to our Rate Guide

Rates provided by insurers in this scenario assume the following: frame construction, replacement cost including contents, \$500 deductible, water and sewer endorsement. Ages of homes in scenarios vary.

Note: ZIP codes are for sampling purposes only.

County/City	Town/City	Zip Code	Home Value	Construction	Protection Class*	Deductible	Age of Home (in years)	Water/Sewer Backup Limit	Auto/Home Discount	Liability
Allegany	Cumberland	21502	\$118,800	Frame	5	\$500	45	\$10,000	No	\$100,000
Anne Arundel	Annapolis	21401	\$338,500	Frame	5	\$500	35	\$10,000	No	\$100,000
Anne Arundel	Pasadena	21122	\$338,500	Frame	5	\$500	35	\$10,000	No	\$100,000
Baltimore	Dundalk	21222	\$246,900	Frame	5	\$500	35	\$10,000	No	\$100,000
Baltimore	Owings Mills	21117	\$246,900	Frame	5	\$500	55	\$10,000	No	\$100,000
Baltimore City	Hamilton	21214	\$153,000	Frame	1	\$500	75	\$10,000	No	\$100,000
Baltimore City	Waverly	21218	\$153,000	Frame	1	\$500	75	\$10,000	No	\$100,000
Calvert	Lusby	20657	\$344,300	Frame	5	\$500	35	\$10,000	No	\$100,000
Caroline	Denton	21629	\$192,600	Frame	5	\$500	35	\$10,000	No	\$100,000
Carroll	Sykesville	21784	\$324,300	Frame	5	\$500	45	\$10,000	No	\$100,000
Cecil	Eikton	21921	\$239,900	Frame	5	\$500	35	\$10,000	No	\$100,000
Charles	Waldorf	20603	\$287,600	Frame	5	\$500	35	\$10,000	No	\$100,000
Dorchester	Cambridge	21613	\$188,100	Frame	5	\$500	75	\$10,000	No	\$100,000
Frederick	Frederick	21701	\$306,100	Frame	5	\$500	35	\$10,000	No	\$100,000
Garrett	Oakland	21550	\$169,400	Frame	5	\$500	35	\$10,000	No	\$100,000
Harford	Bel Air	21014	\$278,100	Frame	5	\$500	35	\$10,000	No	\$100,000
Howard	Columbia	21044	\$434,700	Frame	5	\$500	35	\$10,000	No	\$100,000
Kent	Chestertown	21620	\$238,800	Frame	5	\$500	35	\$10,000	No	\$100,000
Montgomery	Gaithersburg	20878	\$460,100	Frame	5	\$500	45	\$10,000	No	\$100,000
Montgomery	Silver Spring	20906	\$460,100	Frame	5	\$500	45	\$10,000	No	\$100,000
Prince George's	Fort Washington	20744	\$261,400	Frame	5	\$500	45	\$10,000	No	\$100,000
Prince George's	Hyattsville	20783	\$261,400	Frame	5	\$500	45	\$10,000	No	\$100,000
Queen Anne's	Stevensville	21666	\$343,900	Frame	5	\$500	45	\$10,000	No	\$100,000
Saint Mary's	Mechanicsville	20659	\$295,900	Frame	5	\$500	35	\$10,000	No	\$100,000
Somerset	Princess Anne	21853	\$131,800	Frame	5	\$500	75	\$10,000	No	\$100,000
Talbot	Easton	21601	\$320,500	Frame	5	\$500	75	\$10,000	No	\$100,000
Washington	Hagerstown	21740	\$198,900	Frame	5	\$500	75	\$10,000	No	\$100,000
Wicomico	Salisbury	21804	\$173,100	Frame	5	\$500	35	\$10,000	No	\$100,000
Worcester	Berlin	21811	\$243,600	Frame	5	\$500	45	\$10,000	No	\$100,000

* Protection Class is the distance from the fire hydrant and the quality of your local fire department.

Introduction to our Rate Guide

County/City	Town/City	Zip Code	Home Value	Construction	Protection Class*
Allegany	Cumberland	21502	\$118,800	Frame	5
Anne Arundel	Annapolis	21401	\$338,500	Frame	5
Anne Arundel	Pasadena	21122	\$338,500	Frame	5
Baltimore	Dundalk	21222	\$246,900	Frame	5
Baltimore	Owings Mills	21117	\$246,900	Frame	5

Deductible	Age of Home (in years)	Water/Sewer Backup Limit	Auto/Home Discount	Liability
\$500	35	\$15,000	Yes	\$100,000
\$500	25	\$15,000	Yes	\$100,000
\$500	25	\$15,000	Yes	\$100,000
\$500	45	\$15,000	Yes	\$100,000
\$500	45	\$15,000	Yes	\$100,000

When you call an insurance producer or insurer, typically, you will be asked about:

The type of construction and design of your residence,
the distance to the nearest fire department and hydrant, the use of security devices
the types of coverages you want as well as the dollar limits for those coverages.

Make sure the information you provide is accurate and that you provide the same information to each insurance producer or insurer that you call.

Introduction to our Rate Guide

		21502	20657	20603	21550	20878	20906
	Insurer	Allegany	Calvert	Charles	Garrett	Montgomery	Montgomery
Western Maryland, Washington D.C. Suburbs, and Southern Maryland	AIG Property Casualty Co.	710	1189	1060	851	1478	1472
	Allstate Vehicle & Property Insurance Co.	842	1872	1517	908	1868	1898
	American National Property & Casualty Co.	794	1982	1370	990	1686	1521
	American Security Insurance Co.	999	2850	2860	1415	3875	3875
	American Strategic Insurance Corp.	859	2020	1555	1031	1666	1920
	Amica Mutual Insurance Co.	975	2217	1870	1145	2091	2091
	Brethren Mutual Insurance Co.	n/a	1293	1174	537	1196	1196
	Chubb National Insurance Co.	636	2302	1942	953	2264	2396
	Cincinnati Insurance Co.	699	1997	1547	993	2136	2136
	CSAA General Insurance Co.	689	2307	2268	903	1981	1795
	Cumberland Mutual Fire Insurance Co.	n/a	1545	1206	483	1354	1354
	Donegal Mutual Insurance Co.	507	1590	1349	713	1556	1556
	Encompass Home/Auto Insurance Co.	n/a	1951	1603	n/a	n/a	n/a
Rates Effective as of 8/1/2020	Erie Insurance Co.	749	2033	1586	1210	1924	1940
	Esurance Insurance Co.	679	n/a	1264	739	1218	1248
	Everett Cash Mutual Insurance Co.	581	1457	1236	765	1666	1666
	Farmers Insurance Exchange	781	1485	1106	878	1265	1304
	Farmers Mutual Fire Ins. Co. of Salem Cnty.	557	1089	957	754	1207	1100
	Federal Insurance Co.	737	2715	2287	1114	2851	3013
	Frederick Mutual Insurance Co.	449	946	878	552	1235	1235
	Garrison Property & Casualty Ins. Co.	1336	2704	2256	1612	2440	2669
	Hartford Fire Insurance Co.	1122	2201	2162	1820	2123	2071
	Homesite Insurance Co.	1072	1355	1226	1236	1113	1084
	Horace Mann Insurance Co.	662	1652	1410	780	1738	1738
	IDS Property Casualty Inc. Co.	784	2308	1149	1004	2016	2005
	Lemonade Insurance Co.	562	1137	1019	651	1942	1270
Liberty Insurance Corp.	904	1101	968	960	971	1127	
Certain insurers may impose higher and separate wind/hail or hurricane deductibles. Please contact your insurance producer (agent or broker) or insurer for more details.	Lititz Mutual Insurance Co.	502	1690	1430	643	1375	1375
	LM Insurance Corp.	950	1159	1016	1009	1020	1188
	Meridian Security Insurance Co.	1035	1855	1466	1314	1569	1639
	Metropolitan Group Property and Casualty	799	2098	1778	1040	2056	2056
	Metropolitan Property and Casualty Ins.	768	2491	2094	996	2620	2620

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	21502	20657	20603
Insurer	Allegany	Calvert	Charles
AIG Property Casualty Co.	710	1169	1060
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American National Property & Casualty Co.	794	1982	1370
American Security Insurance Co.	999	2850	2660
American Strategic Insurance Corp.	859	2020	1555
Amica Mutual Insurance Co.	975	2217	1870
Brethren Mutual Insurance Co.	n/a	1293	1174

Rates are updated in the
rate guide every February and August



Introduction to our Rate Guide

Insurer →			
Telephone number			
Financing rating			
Insurer licensed (Yes/No)			
Type of policy (HO-2, HO-3 amended, HO-4, HO-6, etc.)			
Replacement Cost (RC) or Actual Cash Value (ACV): Contents: If RC, any exceptions, if so list:			
Deductible(s) (Does the policy have different deductibles for damage caused by hurricane or other storm?)			
Discounts offered			
Annual premium			

Policy Comparison Worksheet

Introduction to our Rate Guide

Comparison shopping is the key to getting the most out of your insurance dollar.

Tips for getting the most out of insurance shopping:

- Make sure you provide the same information to each insurer or insurance producer.
- Ask about discounts.
- Ask about deductibles and when they apply.
- Ask about what is covered and what is excluded.
- In addition to price, consider factors such as coverage limits and customer service.
- Ask friends and neighbors about their experience with different insurers.

Introduction to our Rate Guide

This brochure is available at [Renters Insurance: A Comparison Guide to Rates](#) or by calling us at 800-492-6116 to request a copy. Insurer phone numbers and websites are available in the back of the book.

**The same information appears in the “Homeowners & Renters Insurance: A Comparison Guide to Rates” as scenario 6.*

Lenders can “Force-place” property insurance coverage

If you finance the purchase of your home, your lender may require you to carry fire insurance on that property. If you do not purchase the insurance, your lender may force place coverage on you. The lender obtains insurance on the property and requires you to reimburse them for the cost of premiums paid. Forced-placed property insurance coverage generally protects only the interest of the lender and not you, the property owner.

If you have problems obtaining a homeowners insurance policy

If you have been turned down by one insurer for homeowners insurance, try obtaining coverage through another insurer or other insurers. Do not assume that you will be turned down by all insurers. Just as insurers have different premiums, they also have different underwriting requirements. Call around and keep trying to obtain an insurance policy.

If you are unable to obtain insurance for your home from a private insurer, limited insurance protection may be available through the Maryland Property Insurance

Availability Program, known as the

Joint Insurance Association (JIA)

3290 North Ridge Rd Suite 210

Ellicott City MD 21043

410-539-6808

800-492-5670

www.mdjia.org



Summary: Tips

- Make sure your dwelling policy limits are at least 80% of the replacement cost of your home or more if required by your insurance policy.
- Know the difference between ACV and RCV.
- Ask if you should list and separately insure valuable items of personal property on a personal property schedule.



Summary: Tips



- Ask about additional coverages like sewer and drain backup and ordinance and law coverage.
- Choose the best deductible for you and understand the difference between flat and percentage deductibles.
- Look for language in your policy about vacant or unoccupied property. Some policies have language that may prevent receiving payment for a claim if the property is left vacant or unoccupied.
- Read your policy for clauses such as an “anti-concurrent causation” clause. Damages incurred by a combination of covered and non-covered perils are typically not covered.

Be Prepared

- Create an inventory of all your possessions and keep it updated.
https://www.naic.org/documents/index_disaster_section_inventory_checklist.pdf
- Photograph and/or video each room and the exterior of your home.
- Safeguard your records – insurance policies, inventory list.
- Keep handy your insurance professional name, telephone number, and your policy number(s).
- Know how to shut off the gas, electricity and water. Be prepared to board up vulnerable places around the house.



After A Loss

- Contact your insurer promptly after sustaining a loss.
- Take photographs and/or video of the property clearly showing the damages.
- Before you remove any damaged property from the premises, be sure an insurance adjuster or your insurance producer has seen the damage.
- As soon as possible, prepare a detailed inventory of all damaged or destroyed property. Give a copy to the insurance adjuster and keep a copy for yourself. It should include:
 - Description and quantity of items.
 - Date and place of purchase and approximate age, or other proof of ownership.

After A Loss

- Keep all receipts for emergency repairs.
- Be present when the insurance adjuster inspects your property.
- Do not accept an inadequate settlement offer. Cashing a check may bar you from seeking additional compensation; confirm in writing that it will not.
- If your insurer denies any part of your claim, be sure they put the denial in writing and you keep all the paperwork.

Filing a complaint with MIA

If you feel that your insurer has acted improperly, you have the right to take action by filing a complaint with the Maryland Insurance Administration. However, some disputes may be governed by your policy's terms and may not be a problem the Insurance Administration can resolve for you.

Complaints must be received in writing. Please provide as much detail as possible, including copies of pertinent documents. A trained, professional investigator will handle your complaint. The investigator will contact the insurer/insurance producer to try to resolve the issue. Meanwhile, you will be advised of the steps taken on your behalf. Complaint files are not closed until the Insurance Administration has made a determination regarding the complaint.



Filing a complaint with MIA

The MIA also established a Rapid Response Program designed to help certain consumers resolve property and casualty claims (such as homeowners) quickly and without having to file a formal written complaint. For more information about this program, please contact us at 410-468-2340 or 800-492-6116 ext. 2340. Participation in the Rapid Response Program is voluntary and does not affect your right to file a formal complaint.

Consumers may also file a complaint by going online to the Maryland Insurance Administration's web site at www.insurance.maryland.gov. Under *Consumers*, click *File a Complaint*.



Remember: Be Prepared

- Create an inventory of all your possessions and keep it updated.
- Photograph and/or video each room.
- Safeguard your records: insurance policies, inventory list.
- Keep handy your insurance producer's name, telephone number, and your policy number(s).

Additional Resources

National Flood Insurance Program

800-427-4661

www.floodsmart.gov

Maryland Emergency Management Agency

877-636-2872

www.mema.maryland.gov

Federal Emergency Management Agency

202-646-2500

www.fema.gov



Contact Us

We're here to assist with all of your insurance questions or issues.

Contact us to verify the insurer or insurance producer you select is authorized to sell insurance in Maryland to protect yourself from fraud.

Maryland Insurance Administration

410-468-2000

800-492-6116

www.insurance.maryland.gov

