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Homeowners insurance FAQ

What's a peril?

A peril is a condition that can cause a loss. Three examples are fire, windstorm and theft.

What does additional living expense or loss of use cover?

Most home insurance policies cover extra costs you incur if your home is damaged by an insured peril and you cannot live there while repairs are made or if you are denied access to your home by government order.

The coverage is generally subject to duration limits and commonly covers any expense incurred by you so that your household can maintain its normal standard of living. In some instances, this coverage may include the costs of a motel, eating in a restaurant or storing property.

What does property damage cover?

Property damage coverage helps repair your home and personal property when damaged by such perils as fire, lightning, wind or hail. The perils of flood and earthquake are covered when the coverage is added to your policy. If you believe you need flood insurance and your insurance company will not provide it, you may obtain coverage through the federal government's National Flood Program.

To learn more about NFP, you can contact an insurance agent, or NFP at 800-638-6620. You should carefully read your policy before you have a loss to determine exactly what types of losses will be covered.

What is replacement cost?

Replacement cost is the amount necessary to replace or rebuild your home or repair damages with materials of similar kind and quality without deducting for depreciation.

Insurance
Consumer
Hotline
800-726-7390
insurance.mo.gov



What is actual cash value?

Actual cash value usually means the amount needed at the time of the loss to repair or replace the property destroyed, minus depreciation.

Most standard home insurance policies cover the contents of your home, such as personal belongings, on an actual cash value basis, but it is possible to

buy replacement cost coverage.

I have replacement cost coverage. Can the company settle for an amount less than replacement?

The company will usually first pay the actual cash value – replacement cost minus depreciation – for the loss or damage. Once you replace the damaged property and provide receipts to the company, the company should reimburse the difference.

I had a loss and my roof needs repair. The company is only willing to pay for repairing part of the roof although my contractor said my entire roof needs to be replaced.

The company is not responsible for repair or replacement of the roof unless it is damaged by a covered peril (see definition). The policy does not provide coverage for repair or replacement that is due to ordinary wear and tear or from lack of maintenance. The company can authorize repair or replacement for just that portion of the roof damaged by the covered peril.