

CONSUMER GUIDE TO  
**HOMEOWNERS  
INSURANCE**



**INSURANCE.MO.GOV • 800-726-7390**



**Your home is valuable to you.**

## **But what if...**

- Your home is damaged by a fire or storm?
- Your home is robbed?
- A guest is injured in your home?

Do you have the funds to replace everything that was damaged or stolen?

**Insurance can protect you from such unpredictable events.**

### **Buying Homeowners Insurance**

The Missouri Department of Commerce and Insurance has tools on its website to help you:

- Search for companies that sell homeowners insurance.
- Review frequently asked questions about homeowners insurance.
- Search for a licensed agent or agency near you.
- Review consumer complaint history for insurance companies.

### **Review Coverage**



Review your policy **annually** to make sure you have enough coverage. You don't want to be underinsured if a disaster strikes.

**VISIT [INSURANCE.MO.GOV](https://www.insurance.mo.gov) TO FIND OUT MORE**

# HOMEOWNERS INSURANCE BASICS



Homeowners insurance protects you from the unexpected burden of paying to rebuild your home should disaster strike. It also helps pay:

- Cost of personal property if it's damaged or stolen.
- Additional living expenses – such as a hotel – while your home is being rebuilt.
- Medical bills (up to a limit) if a guest is injured on your property.

## WHAT IS COVERED BY HOMEOWNERS INSURANCE AND WHAT IS NOT COVERED

### What is covered:

- Fire & smoke
- Windstorm & hail
- Lightning
- Vandalism & theft
- Weight of ice, snow or sleet
- Damage from car



### What is not covered:

- Flood
- Earthquake
- Sewer & drain backup
- Normal wear & tear
- Cars parked on your property



### Can't find a company to insure you?

Contact the Missouri Fair Plan: 800-392-7240 or [missourifairplan.com](http://missourifairplan.com)

The Missouri legislature created the program to provide insurance to property owners unable to find coverage from private insurance companies.

- Compare prices of homeowners insurance from different insurance companies every two years.
- Go over the details of your policy with your agent or company. If you think you need more coverage, request a policy change.

## ADD IT ON



If you own expensive items or have a sump pump in your home, you may need extra coverage on your policy to ensure that your home is better protected. There is coverage (called a rider or endorsement) you can add to your homeowners policy:

### **Sewer and drain backup**

This covers damage caused by water backup from drains, sewers or sump pumps.



### **Jewelry, antiques, firearms**

Expensive items need additional coverage. You may want to get them appraised for their value.



### **Home-based business**

If you have a home business, this ensures your business items are also protected.



## DEDUCTIBLES

A deductible is the amount you have to pay out-of-pocket on a claim before the policy pays the loss. Higher policy deductibles means lower policy premiums. A policy with a \$2,000 deductible has a lower premium than the same policy with a \$1,000 deductible. Having a higher deductible is a good way to save money on your homeowners insurance premium. But be sure you can afford the deductible in case you have a loss.

- You will be responsible for the policy deductible if you have a claim. A higher deductible can save you money on premiums.
- **Parents of college students:** If your child lives on campus, your homeowners policy may cover his or her belongings.

## TARGET BEST POLICY PRICE

Missouri has a highly competitive insurance market. Use this worksheet to compare offers from insurance companies.

Homeowners policy coverage amount			
Fill in company name (above) & cost (below) to compare policies			
Dwelling limits	\$	\$	\$
Personal property limits	\$	\$	\$
Liability protection (each occurrence)	\$	\$	\$
Other/Detached structure	\$	\$	\$
Guest medical (per person)	\$	\$	\$
Damage to property of others	\$	\$	\$
Optional coverage (ask your agent)			
Replacement coverage	\$	\$	\$
Sewer and drain backup	\$	\$	\$
Jewelry and firearms	\$	\$	\$
Art, collectibles and antiques	\$	\$	\$
Additional policies			
Flood	\$	\$	\$
Earthquake	\$	\$	\$
Personal umbrella	\$	\$	\$
Annual premium	\$	\$	\$
Deductible	\$	\$	\$

# QUESTIONS TO ASK INSURANCE AGENT

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Can you review the different homeowners policies? \_\_\_\_\_

Which one is right for me? \_\_\_\_\_

What does this policy cover? \_\_\_\_\_

What is not covered? \_\_\_\_\_

Do I have enough insurance to replace my belongings? \_\_\_\_\_

Does this policy give me replacement cost or actual cash value coverage? \_\_\_\_\_

Will my coverage limits increase over time or will I have to adjust them periodically? \_\_\_\_\_

Does this policy cover water damage, including damage from sewer, drain or sump pump backup? \_\_\_\_\_

Do I need flood & earthquake insurance? What is the cost? \_\_\_\_\_

Are there limits on expensive items like jewelry or firearms? \_\_\_\_\_

How much will my premium be? \_\_\_\_\_ How much can I save by increasing my deductible? \_\_\_\_\_

What discounts are available? \_\_\_\_\_

Are there any improvements I can make to lower my premium? \_\_\_\_\_

How do I file a claim? \_\_\_\_\_

Does your company have 24-hour claim service? \_\_\_\_\_

# UNDERSTANDING YOUR DECLARATIONS PAGE

This page provides policy details to help you know how to better understand your coverage.

**1 Policy period:**  
When coverage begins and ends

**2 Limits:**  
The most your policy will pay

**3 Deductible:**  
What you pay when you have a claim

## Your Insurance Company

3535 Second St.  
Company Town, USA 54321

<b>1</b>	<b>Policy number</b>	XX-XXXXXX-XX	
<b>1</b>	<b>Policy period:</b>	<b>Effective date:</b>	<b>Expiration date:</b>
	12 months	May 1, XXXX	May 1, XXXX

## Homeowners Policy <SAMPLE>

**Automatic renewal:** If the policy period is shown as 12 months, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If policy is terminated, we will give you and Mortgagee/Lienholder written notice in compliance with policy provisions or as required by law.

Coverages & property	Liability limits	Inflation coverage index
<b>SECTION I</b>		XXX.X
A Dwelling	\$250,000	<b>Deductibles – Section I</b> Earthquake 20% Other losses \$1,000
Dwelling extension (garage)	\$30,000	
B Personal property	\$150,000	
C Loss of use		
<b>SECTION II</b>		
L Personal liability (each occurrence)	\$300,000	In case of loss under this policy, the deductible will be applied per occurrence and will be deducted from the amount of loss. Other deductibles may apply – refer to your policy.
Damage to property of others	\$1,000	
M Medical payments to others (each person)	\$2,000	
Loss of settlement provisions (see policy)		<b>Policy premium</b> \$1,200
A1: Replacement cost – Similar construction		<b>Discounts applied</b> Home/Auto Home protection (burglar and fire alarms, smoke detectors) Claim record/Customer longevity Age of customer
B1: Limited replacement cost – Coverage B		
Forms, options and endorsements		
Homeowners policy	XX-XXXX	
Homeowners policy endorsement	XX-XXXX	
Earthquake excl. masonry veneer	XX-XXXX	
Sewer, water backup \$10,000/\$500 deductible	XX-XXXX	
Increase dwelling up to \$50,000	Option XX	
Jewelry and furs \$2,000 each	Option YY	

Your policy consists of this page, any endorsements and the policy form. Keep together.

**4 Extra coverage:**  
Can be purchased for more protection

**5 Premium:**  
Cost for policy period

**6 Discounts:**  
Number of discounts applied to policy

# REPLACING YOUR BELONGINGS

## Actual Cash Value (ACV)

The amount needed to repair or replace your belongings, minus depreciation. Depreciation is the decrease in value of property because of age or use.

vs.

## Replacement Cost (RC)

The amount needed to replace an item at today's price.

**Will the insurance company always pay the personal property limit shown on your policy?**

No. The policy limit is the **most** the company will pay.

## HOUSEHOLD BELONGINGS

### ACV vs. RC

(Most companies follow this formula)

**How replacement cost works:** An insurance company will first pay you the ACV of an item. Once the item is replaced and a receipt submitted, the company will then settle up with you.



Television  
(1 year old)

Actual cash value

\$640

+

Depreciation

\$160  
(20%)

=

Replacement cost

\$800



Leather couch  
(10 years old)

\$1,120

+

\$1,680  
(60%)

=

\$2,800

Replacement cost coverage may increase your premium.



# PREPARING A HOME INVENTORY

A home inventory is a list of all your belongings – from socks to computers to furniture. If your personal property is damaged or stolen, having an inventory makes filing a claim with your insurance company much easier and you may even get a larger payment because your list will be more comprehensive.

## Check it off: Tips to make your home inventory more useful

- Record specific details such as the serial numbers for electronic items and appliances.
- Photograph or video valuable items and keep them with your checklist.
- Update your inventory annually and when you make large purchases.



Download our  
Home Inventory  
Checklist from  
our website.



<https://insurance.mo.gov/consumers/home/homeinventorychecklist.php>



Keep your home inventory in a safe, fire-proof box, or store it at the home of a family member or friend. For electronic versions, email them to yourself.

# PROTECTING AGAINST LAWSUITS

## Accidents happen

Homeowners insurance gives you the protection you need in case someone is injured on your property.

It also protects you from:

- Lawsuits against you or your family members involving covered claims.
- Damage or injury your pets cause to others.



## Protect everything else even while away from home



Homeowners insurance covers your possessions even if they are damaged or stolen while off-site, such as in a car.

**Coverage for possessions outside of your home may be limited.**

Talk to your agent or company about increasing your liability limits for more protection.

## CONTACT US

For more information on other types of insurance, including:

- Auto
- Life
- Health
- Business



INSURANCE  
**CONSUMER  
HOTLINE**

**800-726-7390**

For questions about your  
insurance policy or to file a complaint  
against an insurance company or agent:

**insurance.mo.gov**  
**800-726-7390**



**DCI**

Missouri Department of Commerce & Insurance

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