Achievable

PROPERTY INSURANCE DUMP SHEET

Homeowners: forms and Section I

The homeowners forms

- A homeowners policy is **multi-line**: Section I insures the property, Section II the insured's liability. Section II is identical on every form
- **Mortgagee clause:** the insurer must tell the mortgagee before the policy lapses for nonpayment, and the mortgagee may pay the premium within 10 days to keep it in force

Form	Who it is for	Perils
HO-2 Broad	Owner-occupied	Broad named perils — the dwelling broad form plus theft, bursting pipes and volcanic eruption
HO-3 Special	Owner-occupied	**Open peril on A and B, named peril on C.** The broadest that keeps Coverage C named-peril
HO-4 Tenant	Renters	Broad named perils on Coverage C and Coverage D only — no building coverage
HO-5 Comprehensive	Owner-occupied	**Open peril on A, B and C** — the HO-3 with personal property opened up too, and the broadest form
HO-6 Condominium	Unit owners	Broad named perils on personal property, plus $5,000 for unit alterations and additions
HO-8 Modified	Older homes worth less than they cost to rebuild	Basic perils, settled at functional replacement cost or actual cash value

- The condominium association's master policy covers the exterior walls and interior framing and is **primary**; the unit owner's HO-6 covers interior walls and contents

Section I — the four coverages

- **A — Dwelling:** the residence, anything attached to it, and materials on or next to the premises for building or repairing it
- **B — Other structures: 10% of Coverage A** on the HO-2, HO-3, HO-5 and HO-8. The HO-6 has none — the association insures the common property
- **C — Personal property: 50% of Coverage A**, anywhere in the world, with special limits on certain classes
  Broader than a DP form, which caps off-premises property at 10% of Coverage C. Autos, separately scheduled articles and an unrelated tenant's property are excluded.
- **D — Loss of use: 20% of Coverage A** on the HO-2, HO-3 and HO-5; a percentage of Coverage C on the HO-4 and HO-6. It pays only what living costs rise BY
- Each coverage has its own limit per occurrence, and the additional coverages are paid on top of them
- The chapter's worked limits:
  - **HO-2, HO-3 or HO-5, $100,000 Coverage A:** B $10,000, C $50,000, D $20,000
  - **HO-4, $10,000 Coverage C:** D pays up to $3,000
  - **HO-6, $20,000 Coverage C:** D pays up to $10,000, and $5,000 for alterations and additions unless increased

Additional coverages and exclusions

- Paid in addition to the limits: debris removal, reasonable repairs, **trees, shrubs and plants (5% of Coverage A, no more than $500 per item)**, fire department service charge, removal, credit card forgery, loss assessment, collapse, glass or safety glazing, and landlord's furnishings
  Glass is not covered once the property has been vacant more than 60 days.
- Excluded: ordinance or law, earth movement, water damage including flood and sewer or sump backup, neglect, war, nuclear hazard, and intentional destruction
  Where an earthquake causes fire, explosion or glass breakage, that damage IS covered.
- **Boats:** a boat is personal property under Coverage C, and Section II liability follows it only if it is under 26 feet with motors totalling 25 horsepower or less. Sailboats under 26 feet are covered