



State of Utah

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Understanding Your Homeowners or Renter's Policy

From floods and tornadoes to wildfires and hurricanes, any natural disaster threat can start small and leave a swath of destruction in its path. A homeowners or renter's policy can help families rebuild following a loss. Because policy language can be confusing, it is important for homeowners and renters to understand the lingo. The Utah Insurance Department offers these tips to help you understand the terminology of a homeowners and renter's declarations/information page.

The Policy

The paper policy you receive from your insurance company will typically have four parts:

- The DECLARATION/INFORMATION PAGE identifies the policy number, the effective dates, the address of the insured property, the mortgage holder, the coverages, coverage limits, the premium and any discounts.
- The INSURING AGREEMENT summarizes the policy coverages. This form is typically a general listing and can be modified by endorsements later in the policy, which should be listed on the declaration page. The insuring agreement will also explain the types of perils—or losses covered. The policy will be either a NAMED-PERILS POLICY, which will list the types of losses covered, or an ALL-RISK POLICY, which lists the types of coverages excluded by the policy.
- The EXCLUSIONS SECTION outlines specific coverages or perils not covered by your policy. This section can modify coverages in the insuring agreement. Typically flood and earthquake are excluded from homeowners and renter's policies. Personal property, like automobiles and animals, are also typically excluded.
- The GENERAL CONDITIONS SECTION explains what you are expected to do in case of a loss. This section also contains definitions for the terms used on the declarations page and in the insuring agreement.

What to Look for on a Declarations or Information Page

Many [factors](#) are used to determine your homeowners or renter's insurance premium. To ensure your company has used accurate information and is providing the coverage you want, check the following on your policy declarations page:

1. Name and Property Location – Confirm that the address and names listed on the policy are correct. In most cases, the names of all parties involved in the mortgage should be named as insureds. Also, check the address of the insured property; any errors in this address could cause problems if you need to file a claim.
2. Effective Dates/Policy Period – These are the dates the policy is in force. Your lienholder or mortgage company will be checking to make sure the policy continues without interruption. If there

Please note: Agency hours are 8am-5pm, Monday-Friday.

is a break in the coverage, your mortgage holder can force you to pay for insurance they purchase on the property.

3. [Property Coverages](#) – The property section will include the amount of coverage you have on the dwelling, including attached structures; other structures (detached garages, sheds, fences); personal property (contents of the home, other personal items); and loss of use (living expenses if you cannot live in the home). Note: The manner in which the property will be replaced should also be described here. Check to see if claims will be paid with replacement cost (the amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality, without deducting for depreciation) or Actual Cash Value (often written as ACV, meaning you will be reimbursed the amount it would take to repair or replace damage after depreciation). These amounts should be reviewed annually.
4. [Liability Coverages](#) – The liability section includes the amount of coverage you have for personal liability (protection for the named insured against liability for accidents that cause injury to other people or damage to their property) and medical payments (pays medical expenses when people are injured on the insured's property). Liability insurance covers the named insured, so make sure these limits are in line with the amount of protection you may need. For extra coverage, you may consider a personal umbrella policy, which provides additional liability coverage on top of the homeowners/renter's policy.
5. Endorsements – If you have increased coverage or added coverage outside the basic policy, you will find those additions in this section.
6. Deductibles – Declarations pages vary from company to company, but all declarations pages specify the amount you are responsible to pay when you have a loss. In some cases this will be a dollar amount, in others it will be a percentage. If you have questions about how the deductible is applied to the different types of coverages, talk with your agent or insurance company.
7. Discounts – Check the list of discounts to see what was included in your overall premium. If you think you are eligible for a discount you are not receiving, call your agent or insurance company.
8. Premium – This is the cost for the term of the policy, generally after the discounts have been applied.
9. Lienholder Information – The address of the lienholder listed on your policy is where the proof of coverage will be mailed. Make sure this matches the information provided by your mortgage company.
10. Agent/Insurance Company Contact – This should be either the name and contact information for the agent from whom you purchased your policy or the company that wrote the policy.

What Renters Need to Know About Their Policy

Renter's insurance varies slightly from homeowners insurance because it covers the insured contents of a home and the insured's personal liability. As a renter, you do not insure the structure.

However, for the contents and liability coverage the same considerations apply as for homeowners. Make sure the limits of personal property coverage are enough for all the belongings in the house. If you own antiques, art, jewelry or electronics, check the limits of the basic renter's policy; it may be necessary to purchase additional coverage if your belongings exceed the limits of the policy. As with a homeowners policy, the liability coverage in the policy protects the named insured from legal recourse as a result of an injury on the property. If the basic limit of liability will not protect you sufficiently, then an umbrella policy is an option for additional coverage.

Other Things to Know About Your Homeowners/Renter's Insurance

- Leisure Items – Backyard items, such as a trampoline or pool, may require you to increase your

liability coverage with an umbrella policy. In some cases, these items may even lead a company to cancel your policy. Talk with your agent before you purchase recreational items to find out what coverage your company offers.

- Valuables – As you acquire more valuables – jewelry, family heirlooms, antiques, art – additional coverage can be purchased to cover these special items. Typical homeowners or renter's policies have limits on these types of belongings.
- Claims history – When you apply for a policy or when a current policy is renewed, it is normal for an insurance company to check the insured's claims history. For new customers, companies often run a Comprehensive Loss Underwriting Exchange (C.L.U.E.), Colossus, or similar report. This information is used to help determine the cost of insuring your home. Ask your agent or insurance company how long previous claims will adversely affect your premium.
- Credit history – In some states, a credit-based insurance score can be used as a factor to determine your premium. It is a good idea to check your credit report annually to ensure the information is correct. If you find errors, check with the credit reporting company about how to make necessary amendments and then ask for a review of your premium. You can find more information about credit based insurance scores [here](#).

Create a Home Inventory

A home inventory will help you figure out how much personal property insurance your policy should include. It will also help you file a claim in the event of a loss. An inventory should include all of the vital information about your belongings (brand name, price, date of purchase, model, serial number and receipts) and should be accompanied by photos of the items. The National Association of Insurance Commissioners (NAIC) has a free smartphone app that can walk you through creating a home inventory. The iPhone® version is available [here](#), the Android version [here](#). A simple-to-use [home inventory checklist](#) is also available on the [Insure U](#) website.

Once you have made your inventory or taken photographs of your home, e-mail the information to family or friends, or to your insurance agent.

More information

Understanding your options will help you make smart insurance choices to protect you and your family. For more information about homeowners or renter's insurance, go to [InsureUonline.org](#) and chose the life situation that best fits you. You can also call the Utah State Insurance Department at 801-538-3035 and talk with one of our consumer specialists.

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