



CONSUMER ALERT

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HOME INSURANCE

Before purchasing any insurance policy, ask the agent specific questions about how the company handles issues related to the military deployment of their policyholders. Each company's practices can vary. Compare prices and the level of service across a few different insurance providers. By shopping around, you may be able to find an insurer who specializes in needs of service members.

Before you leave on a military deployment, check your policy renewal date and payment terms with your agent to ensure your coverage will remain in effect during deployment. If necessary, you may be able to renew a policy early or have your premiums paid by automated bank draft. Some insurance companies might also allow you to suspend certain coverage while you are deployed.



To help members of the military better understand their insurance needs, the National Association of Insurance Commissioners offers tips and considerations regarding auto, home, health and life insurance.

Special Considerations for Members of the Military

- Many homeowners policies have a "vacancy clause" that may be triggered if you are deployed for an extended period of time and your family has moved to a new location. Such policies might not pay claims if your house is vacant for 60 days or more. A house is considered vacant if there are no occupants and it is unfurnished, while a house is considered unoccupied when it is furnished, but there are no occupants. Some companies offer an endorsement that specifically allows coverage for your house to continue, even if it is vacant for an extended period of time. Consult with your insurance company to learn how it defines "vacancy" and whether the claims for a vacant house will be paid.
- It is a good idea to review your homeowners policy with your agent before you leave for military duty. Doing so could help you avoid a dispute in the future. Also make sure your policy limits are sufficient to cover your home and your personal property at today's costs. Consider increasing your coverage if you have made additions or improvements to your property.
- While homeowners and renters insurance policies typically cover personal property that you take with you while traveling, most policies exclude damages caused directly or indirectly by acts of war. The military generally will not pay to repair or replace property that is damaged or lost in military housing or in a war zone. Talk to your agent about whether personal items that you take with you during your deployment will be covered if they are lost, stolen or damaged.

Considerations for All Life Situations

Always shop around and compare the costs of comparable coverage from different insurers to get the best value. Whether you are a homeowner or renter, the appropriate coverage offers important protection.

- For homeowners, insurance protects your home's physical structure, as well as your personal property.
- In contrast, renter's insurance only protects your personal property. Never assume that the landlord's insurance covers you or your belongings. Landlord's insurance only protects the building.

Both homeowners and renters may need protection against liability for accidents that injure other people or damage their property.

Let's be more specific about homeowners insurance and the different types of protection it can provide:

- **Damage to House.** Covers damages to the house itself up to the face amount of the policy. For example, if the face amount is \$100,000, that's the most you will receive if your house is totally destroyed, less any deductible.
- **Other Structures.** Covers damage to other structures or buildings, such as a detached garage, work shed or fencing.
- **Personal Property.** Covers damage to – or loss of – personal property. Personal property includes household contents and other belongings used, owned or worn by you and your family. Be aware that certain personal property items like jewelry, antiques and artwork may need special added coverage.
- **Additional Living Expenses.** Covers the necessary living expenses, up to the stated limit, incurred by the insured to continue, as nearly as possible, the normal standard of living when the house cannot be occupied due to a covered loss.
- **Comprehensive Personal Liability.** Protects you against claims arising from accidents to others on property that you own or rent. With a few exceptions, such as auto or boating accidents, it is an all-purpose liability coverage that follows you wherever you go.
- **Medical Expenses.** Covers medical expenses, but is limited to an amount per person and per accident for injuries occurring on your premises to persons other than an insured. It also may cover medical expenses away from your premises if caused by you, a member of your family or your pets.

You have the option to insure your home and belongings for either replacement cost or actual cash value.

Actual cash value is the amount it would take to repair or replace damage to your home after depreciation.

Replacement cost is 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*. A good rule of thumb is to insure your home for at least 80 percent of its replacement value, recognizing that in most instances, the value of the land doesn't need to be included.

Be aware that coverage for damage caused by flooding is NOT included in your homeowners policy. If you live in an area prone to flooding from any cause – for example, hurricanes, rivers or streams – be sure to inquire about purchasing flood insurance, which is available through the federal government's National Flood Insurance Program (NFIP).

Here's an important tip: It's a good idea to make an inventory of all of your personal property, along with a photograph or video of each room. Also, save your receipts for major items and keep them in a safe place away from your house or apartment. That will make it easier if you ever need to file a claim.

Your home insurance premiums are affected by a number of factors, for example:

- Your home's specific characteristics are important...
 - Its age; older homes typically cost more to insure.
 - Its type of structure; for example, brick, frame, stone or synthetic siding
 - Its wiring
 - Its roof
 - Whether it has a garage
- Your home's location also has an impact on your premiums. For example...
 - Its proximity to a fire station
 - Its exposure to extreme weather – hurricanes, tornados or earthquakes
 - Whether it's in a neighborhood that's more prone to theft than others
- Protective devices can also make a difference. For example...
 - Burglar alarm systems
 - Smoke detectors
 - Fire extinguishers
 - Sprinkler systems
 - Dead bolt locks

Having these items throughout your home definitely helps lower your premiums. And, of course, they also greatly help reduce potential damage and injuries.

- There are some personal characteristics that affect insurance premiums:
- Non-smokers might pay less for homeowners insurance than smokers.
- And remember, it's important to maintain a good credit history because many insurance companies consider credit history when determining how much to charge you for insurance.
- Your previous claim history has a big impact on your premiums. Consider not putting in claims for smaller amounts/events to avoid being tagged for a premium increase. You may want to consider a higher deductible if you are unlikely to file a claim for a loss that is less than \$500 or even \$1000.
- Consolidating homeowners and auto policies with the same insurer can provide a multi-policy discount.

Contacting Your State Department of Insurance

You should contact a state insurance department if you believe you have encountered deceptive sales practices or you discover that the policy you purchased was misrepresented to you. The state you contact should be the state where you are currently listed as a resident, regardless of whether you are currently stationed in some other state or you are stationed outside of the United States . You may also contact your resident state insurance department if you have any general questions about insurance.

For more information regarding the Insurance Regulator in Washington, DC please contact: DC Department of Insurance, Securities and Banking, 810 First Street, NE, Suite 701, Washington, DC 20002, 202-727-8000.

This information was made possible by the National Association of Insurance Commissioners.