



HOME AND RENTERS SHOPPER'S GUIDE



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Homeowners Insurance

Homeowner insurance offers protection for your investment. It helps you pay for repairs, rebuild your home, or replace personal belongings if disaster strikes. It also provides personal liability protection if an accident occurs on your property. This section gives you an overview of the basic coverages available and tips on buying homeowners insurance. This guide is a general overview, always review your policy to determine coverage and exclusions.

Types of property coverage

Your home and belongings are insured against the perils specified in your policy. Coverages are defined in basic form, broad form and special form. Special form is the most common.

Dwelling — Provides coverage that protects your primary residence and attached structures. It also covers fixtures in the house, such as built-in appliances, plumbing, heating and permanently installed air-conditioning systems, and electrical wiring.

Other structures — Provides insurance coverage for detached structures, such as garages and storage sheds, as well as fixtures attached to the land, such as fences and wood decks.

Contents — Covers your furniture, appliances, clothing and other personal belongings. Generally, contents are covered at 50 percent of your dwelling coverage. Contents coverage usually has special limits on certain kinds of personal property. For example, theft of jewelry and furs is limited to a certain dollar amount. Check your policy for a full listing of limits. For an additional premium, you may increase these special limits.

Additional living expenses — Provides coverage for some of your extra expenses if your home is damaged and you cannot live there while repairs are made. Covered items include extra food costs, lodging, relocation and storage expenses. This benefit covers only the difference over and above your normal household expenses, e.g. the cost of restaurant meals minus normal food expenses. Submit receipts for additional living expenses to your insurance company for reimbursement.

Additional property coverages in your policy — Most homeowner insurance policies contain additional coverages. When a peril damages or destroys a house, expenses can exceed the cost of repairing the house. Certain dollar limits apply. Ask if your policy covers debris removal, reasonable repairs, damaged trees, shrubs and other plants, fire department service charges, theft or illegal use of credit or debit cards, collapse of building caused by perils for which you are insured, or glass breakage.

Exclusions to property coverage

Most homeowners policies under the property coverage section do not provide coverage for loss to animals, birds or fish, motor vehicles, including equipment and accessories, aircraft and parts, flood or rising water damage, normal wear and tear, water damage from sewer backup, damage resulting from war, terrorism, nuclear hazard, neglect, earthquakes or power failure.

Personal coverage

Personal liability — Provides coverage for a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities. Most policies provide a minimum amount of coverage, such as \$100,000 per claim. Higher limits are available for an additional premium.

Medical payments — Provides coverage for medical expenses should others accidentally be injured on your property or through your personal activities. There is no negligence requirement for this provision. Coverage applies to necessary medical expenses and is typically written with a \$1,000 per person limit. However, higher limits are available for an additional premium. Medical payments do not apply to you or other household members.

In addition to the personal liability and medical payments coverages in your homeowner policy, there are other coverages, which may include the following:

- **Damage to the property of others** — Covers when you damage property borrowed from someone, or if you damage another person's property.
- **Claim expenses** — Coverage for expenses incurred in a lawsuit, such as interest on court judgments or premiums on required bonds.

Exclusions to personal coverages

Most homeowners policies, under the personal liability coverage section, do not provide coverage for loss to the following:

- Aircraft, automobile, recreational motor vehicles, or watercraft (50 hp or more).
- Bodily injury or physical damage because of professional services.
- Bodily injury or physical damage caused by intentional acts of the insured.

80 percent of replacement cost

Most insurance companies require a homeowner to insure a structure for at least 80 percent of the replacement cost value during the entire term (365 days) of coverage. If the homeowner fails to insure for at least 80 percent of the replacement cost, a penalty is applied for payment of claim(s) on partial losses.

Keep your coverage current

Whether your home is insured for replacement cost or actual cash value, it is important to keep track of construction costs. Additions, improvements and inflation are just a few ways your coverage may become inadequate. It is your responsibility to update your coverage in case of a loss.

Other property and personal liability coverages

In addition to standard types of coverage, you may buy other types as separate policies or as additions to your existing policy. These extra coverages will add additional cost to your premium.

Inflation guard coverage is a practical procedure to help you maintain adequate protection. Even though the amount of homeowners insurance you carry should be at least 80 percent of your home replacement cost, that amount of coverage may not be enough in the future. Inflation guard coverage provides periodic increases in the policy limit and will allow the insurance company to automatically change your policy limit when you renew. Not all insurance companies offer this coverage.

Scheduled personal property coverage usually covers possessions such as jewelry, furs, stamps, coins, guns, computers, antiques and other items that may exceed normal limits in your homeowners insurance policy. These endorsements often provide broader coverage, for an additional charge, than that in a homeowners insurance policy. Other optional coverages include:

- Increased limits on money and securities kept in your home
- Secondary residence premises (such as vacation homes, etc.)
- Watercraft
- Higher limits of theft protection
- Theft or illegal use of credit or debit cards
- Business activities and rental properties
- Personal injury liability (slander, libel, etc.)

Fire and extended coverage

Your dwelling may not meet an insurance company's underwriting requirements to qualify for a standard homeowner policy. Therefore, a company may offer you limited coverage on your home. These limited insurance policies often are referred to as a dwelling or fire and extended coverage policy. They provide coverage for only your dwelling or structure. This is not the same as a homeowners insurance policy. Coverage usually includes insurance against the following: fire or lightning; windstorm or hail; explosion; riot or civil commotion; aircraft; vehicles; and smoke. The policy does not cover contents or personal liability.

Flood insurance

All homeowner and property insurance policies exclude damage from flood or rising water. Flood insurance is available through the federal government's National Flood Insurance Program (NFIP). The Kansas Insurance Department does not regulate NFIP.

For more information, contact the NFIP at 1-888-379-9531 or by visiting floodsmart.gov

Earthquake insurance

A standard homeowner policy does not cover damage caused by earthquakes. You may be able to obtain a rider or separate policy covering your home in case of earthquakes. Companies may distinguish between man-made and naturally occurring causes.

A standard earthquake policy will cover repairs to your home needed because of an earthquake. It may also cover other structures not attached to your home, like a garage. It will also cover any personal property that is damaged by an earthquake directly.

A standard earthquake policy will not cover damage to your automobile or damage caused by a fire, even if it was caused by an earthquake. It also usually will not cover damage to land or water damage. Ask your agent to clearly explain what is and is not covered under an earthquake policy.

Umbrella liability policy

This policy provides an additional \$1 million to \$5 million of liability coverage beyond the limits of your homeowners personal liability coverage. This is excess personal liability coverage that pays only after you exhaust the primary limits of personal liability coverage.

The company providing personal liability coverage normally will require you to maintain certain limits of liability for your primary personal liability coverage. Also, insurance companies will often require that they provide the primary coverage for your motor vehicles and your primary residence before they offer an umbrella liability policy.

How Are My Premiums Determined?

There are multiple factors that affect your premium. Because of the variety of factors involved in determining a rate, premiums can vary widely from one company to the next. You are encouraged to get at least three quotes.

PERSONAL FACTORS

Type of construction — The type of material used and the likelihood it will need replaced in the event of a loss will affect premium. E.g., wood built is more likely than brick to need replaced if you experience a water or fire loss.

Local fire protection — Insurance companies take into account a community's firefighting capability when determining premiums. Factors include water supply, building codes, your fire department's equipment and the quality of your fire department. Your address is assigned a fire-protection class rating, ranging from one to ten, where the smaller the number the greater the protection. Most Kansas addresses range from three to ten.

Amount of coverage — The higher the protection amount the more premium you will pay.

Deductible — A higher deductible will reduce your premium. Most homeowner policies have a separate wind/hail deductible that is generally one to two percent of the amount of insurance carried on the structure. The deductible for all other perils is usually a dollar limit.

Age of the house — Some insurance companies may offer new-home discounts, and some companies may not offer insurance or only offer limited coverage on very old homes.

Discounts — Not all insurance companies offer the same discounts and you should check with your agent. Possible discounts include: Senior citizen, nonsmoker, home security system, smoke detectors, fire extinguishers or a fire-retardant roof.

Contents — Actual cash value or replacement cost. Most companies provide coverage on the contents of your home on an actual cash value basis. You may insure your personal belongings for replacement cost, but you will pay a higher premium. Proof of purchase is required to get the full replacement cost amount.

COMPANY FACTORS

Loss experience — An insurance company may adjust its premiums in accordance with its own loss experience, including within a specific region within the state (territorial rating).

UNDERWRITING GUIDELINES

Underwriting guidelines are the standards and rules insurance companies use to decide whether to offer or renew insurance coverage. An insurance company may decline your application or renewal for coverage if you or your property does not meet the company's underwriting guidelines.

Each company has its own underwriting guidelines, which are not filed with the Kansas Insurance Department, but common factors are: condition of your home, leaky or poorly maintained roof, poor upkeep and maintenance, number of claims in the past seven to ten years, personal credit history — in compliance with federal guidelines.

Termination of Homeowner Policy

An insurance company may terminate your coverage but only under certain circumstances. To avoid cancellation or nonrenewal of your coverage, premium or installment payment for your homeowner insurance needs to be received by the insurance company on or before the due date. If paying in person or via mail, always pay with a personal check or money order made out to the insurance company or agency.

Cancellation

You cancel — At any time by notifying the company and returning the policy to the company. Any unused premium will be refunded to you. There may be a penalty if you cancel the policy during the term of coverage. Never cancel an existing policy until you get your new policy or a written binder.

Company cancels — The insurance company may cancel your policy at any time for the following reasons.

1. For nonpayment of premium or installment when due. Company may cancel your policy at any time by informing you at least ten days before the date of cancellation.
2. When policy has been in effect for less than 60 days and is a new policy, company may cancel at any time by informing you at least 30 days before the effective date of the cancellation.
3. When the policy has been in effect for 60 days or more, or at renewal, your policy may be canceled for any reason. Company is not required to provide justification.

Nonrenewal

A company may choose nonrenewal of your policy but it must give you a 30-day written notice before the expiration date of the policy.

Kansas FAIR Plan

The Kansas FAIR Plan (Fair Access to Insurance Requirements) may permit property insurance coverage to be written on structures that do not qualify to be covered under an insurance company's program of property insurance. The Kansas FAIR Plan is funded by participation of the admitted insurance companies who have the authority to write property insurance in Kansas. If you cannot find an insurance company that will insure your structure, the Kansas FAIR Plan may accept your application.

The Kansas FAIR Plan provides a property coverage policy and may offer optional theft and personal liability coverage. The coverage is not as comprehensive as homeowners insurance. Qualifications may include the following:

- Coverage for your property must be declined by at least three insurance companies before applying to the Kansas FAIR Plan.
- You can apply for the Kansas FAIR Plan through any licensed insurance agent who sells property insurance.
- The FAIR Plan will inspect your property to determine whether you are eligible.

Approval in the plan is not guaranteed.

Renters and Condominium Insurance

Renters insurance — A landlord will have insurance on the building but not for the renter or the renter's property.

As a renter, you have no coverage if your possessions are lost in a fire or burglary, or if you are held liable for bodily injury or property damage to others. You can buy a renters policy to insure your household contents and personal belongings against the same perils as in a broad form homeowner policy.

Condominium insurance — If you live in a condominium, your condominium association should purchase a policy that covers the building, including any common walls and grounds, and liability associated with common properties. You have a right to examine the association policy to see what protection is provided.

A condominium unit owner's policy covers any items not insured by the association's policy. E.g. the unit owner's contents, personal property, interior walls, fixtures, improvements, additions and alterations installed at unit owner's expense.

Renters and condominium insurance are similar to homeowners insurance. The standard policy provides two major coverages: personal property and liability.

Personal property coverage for condo residents, renters

Personal property coverage provides coverage to repair or replace your personal belongings if they are damaged, destroyed or stolen. There are special limits on some kinds of personal property. For example, theft of jewelry and furs is usually limited to \$1,000. Check your policy for a full listing of limits.

Additional living expenses provides coverage to protect some of your extra expenses if you cannot live in your property while repairs are made. This benefit covers only the difference in excess of your normal expenses, e.g. the cost of restaurant meals minus normal food expenses. Keep your receipts for additional living expenses.

Most standard condo or renters policies are named-perils policies and typically include: fire, lightning, smoke, theft, vandalism or malicious mischief, breakage of glass, falling objects, freezing, etc.

Additional coverages — Condo and renters policies may contain additional coverages. Check your policy closely for actual coverage. Additional coverages may include the following: food spoilage; lock replacement; loss of use of residence; fire department service charge; reasonable repair; debris removal; personal property at another location; moving; storage; travel; trees, shrubs and other plants; property removal; theft or illegal use of credit and debit cards; condo and townhouse association loss assessment; collapse of a building; or tenant's water bed liability.

Exclusions — Most renters or condo policies do not cover the following: animals, birds or fish; motor vehicles, including equipment and accessories; aircraft and parts; flood or rising water damage; water damage from sewer backup; damage resulting from war, terrorism or nuclear hazard; neglect; earthquakes; or power failure.

The above exclusions are only examples of personal property not covered. Review your policy to determine what exclusions apply to your policy.

Personal coverage for renters and condo residents

Personal liability — Provides coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities. The policy is usually written to pay up to \$100,000 per claim. Higher limits are available for an additional charge.

Damage to the property of others — Provides coverage for damage to property you borrowed from a friend or relative, or if you damage another person's property in his or her home.

Medical expenses for injury to others — Provides coverage for the medical expenses of others accidentally injured on your property or through your personal activities. Policies are typically written with a \$1,000 per person limit, but higher limits are available for an additional charge. Medical payments do not apply to you or household members' injuries or activities involving any business conducted on your primary premises.

How much coverage should you buy?

The main factor to consider in determining how much renters and condo insurance to buy is the actual value of your belongings. This involves establishing the value of all your possessions.

Optional coverages

In addition to standard coverages, you may purchase other types of coverage, such as separate policies or endorsements. Some property, such as art objects and antiques, should be listed separately by endorsement on your policy. Check with your agent or company for a full list of endorsements or other policies you may consider.

Townhouse insurance

Kansas law established the Townhouse Ownership Act in 1974. It provides for a townhouse association to purchase a single fire and extended coverage policy on all units in the complex if the articles of incorporation and declarations of the townhouse association meet all other requirements of the Act.

If your townhouse association qualifies, and has a blanket policy covering all structures in the complex, you may wish to purchase a policy covering only your personal property and personal liability. If the association does not qualify you will need to purchase homeowner insurance.

Manufactured, Modular or Mobile Homes

There are various types of nonconventional constructed homes, such as manufactured, modular or mobile homes. These traditionally described mobile homes may be single or double-wide mobile homes, or they may be units on permanent foundations on land owned by the occupant or in mobile home parks. Just as there are different types of non-conventional constructed homes, companies offer policies reflective of the traits of those structures.

Coverage is not standardized

It is important to keep in mind that policies for this type of home is not as standardized as policies for conventionally built structures. Coverage is written depending upon your specific situation and the type home you may have. Make sure your insurance agent explains the coverage provided in the policy and that you understand what you are buying.

Contents or personal property

Coverage — Find out if your policy automatically covers furnishings and equipment sold with your home and if the policy will cover your personal contents. You may need to buy extra coverage to protect your other personal contents.

Personal liability coverage — Not all policies provide protection against personal liability. Be sure to ask your insurance agent if your policy includes this coverage.

Deductibles — Most policies require a separate wind and/or hail deductible from the deductible for all other perils.

Moving your mobile home

If you plan to move your mobile home from one location to another, contact your insurance company prior to the move to make sure you have insurance coverage during the period of transportation. Usually, this coverage requires a higher premium.

Flood damage

Some mobile home policies may cover loss because of flood damage, while others do not. Ask your agent whether flood coverage is provided. If your mobile home coverage does not include loss by flood, coverage may be purchased under the National Flood Insurance Program (NFIP) by calling 888- 379-9531 or visiting floodsmart.gov.

Tie-down law

Kansas law requires every manufactured, modular or mobile home being used as a dwelling, office or commercial space to be secured to the ground by approved tie-downs and ground anchors, unless the unit is secured to the ground on a permanent foundation.

Home Inventory

No matter the type of home, you should always take inventory of your personal property. The easiest way to determine your insurance needs is to take a complete inventory of your home's contents or personal property and estimate their value. This will help you decide if you need to increase your coverage of your personal property. Include estimated values with your list of items.

Photograph or videotape your personal property. Remember to periodically take photos of the outside of your home, especially prior to storm season. Save receipts from major purchases, such as furniture or electronic equipment. Keep your inventory in a safe place such as a fireproof box or a safe-deposit box.

There are a number of free apps available through your preferred smartphone's app store that allow you to safely store a digital copy of your home inventory and easily update it as needed. You may also print the Kansas Insurance Department's "Personal Home Inventory" booklet from the department website insurance.kansas.gov/home-renters-insurance/.

DOWNLOAD FROM

insurance.kansas.gov/home-renters-insurance/



Why do an inventory?

The easiest way to determine your insurance needs is to take a complete inventory of your home's contents or personal property and estimate their value. This will help you decide if you need to increase your coverage of your personal property. It will also assist with the claims process.

Homeowners/Renters policy information
 Name of insured _____ Agent name _____
 Insurance company _____ Agent phone _____
 Policy number _____ Insurance company phone _____

Use your mobile device to create an inventory
 There are a number of free apps available through your preferred smartphone's app store that allow you to safely store a digital copy of your home inventory and easily update it as needed.

HOME INVENTORY TIPS	PROTECT YOUR PROPERTY - TO HELP VERIFY THAT AN ITEM IS YOURS, KEEP THE FOLLOWING:	STORING YOUR "PERSONAL HOME INVENTORY"
Take photos/videos and include date/time stamp	Receipts, purchase orders or invoices	A safe deposit box
List every item of value in your home.	Canceled checks	A fire resistant box or safe in your home
Include the serial numbers of all items that have them.	Registration, warranty and guarantee documents	At your place of employment in a locked cabinet
Include makes and models in your description.	Instruction manuals	With a family member or close friend
Keep all receipts, along with a description of the items.	Tax records	With your accountant or attorney
Keep a detailed record of antiques, jewelry, major appliances and collector's items.	Credit card or bank statements (online or in hard copy)	
Continuously update your "Personal Home Inventory" as you acquire new items.	Serial numbers on your electronics	

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Living room					Living room, cont.				
NUMBER OF ARTICLES	ARTICLES	YEAR PURCHASED	ORIGINAL COST	ESTIMATED PRESENT VALUE	NUMBER OF ARTICLES	ARTICLES	YEAR PURCHASED	ORIGINAL COST	ESTIMATED PRESENT VALUE
	Bookcases								
	Books								
	Chairs								
	Coffee table								
	Couches								
	Curtains, blinds								
	DVD/VCR								
	DVDs, videocassettes								
	Entertainment center								
	Fireplace								
	Fireplace accessories								
	Lamps								
	Telephone								
	Television								
	Throws								
	Grand total		\$	\$				\$	\$

Artwork				
NUMBER OF ARTICLES	ARTICLES	YEAR PURCHASED	ORIGINAL COST	ESTIMATED PRESENT VALUE
	Paintings			
	Art objects			
	Grand total		\$	\$

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How do claims work?

Contact your insurance agent or company immediately to report losses. Get instructions from your company's adjuster before repairing or replacing damaged property. Your insurer's visual inspection of your loss may be required before claims are paid.

Take notes summarizing your conversation with your insurance company. Write down the time and date, the person's name and a summary of the call.

Make temporary or emergency repairs only as needed to protect your property from further damage - including boarding up broken windows, placing plastic over the roof where it is leaking, and drying out wet carpets and furniture. Take photos or a video of the damaged property.

If you must move out of your home, keep your receipts of hotel bills and meals. Your policy may reimburse you for these additional living expenses.

Beware of questionable or unfamiliar contractors. Get more than one bid, and hire a local, reputable contractor to make the repairs. Check references or the Better Business Bureau, if possible, before using out-of-town contractors. You can verify if a roofing contracting is properly registered through the Kansas Attorney General's office at ag.ks.gov

Do not accept any unfair settlement. If you have difficulty in reaching your agent or company, or cannot reach an agreement with the company, call our Consumer Assistance Hotline at 1-800-432-2484, or visit our website at insurance.kansas.gov.

Make sure a written agreement between you and your company has been signed before starting repairs.

A company has 30 days to complete an investigation of your claim or provide a reasonable explanation as to why investigation is not complete within 30 days.

Glossary of Terms

Actual Cash Value (ACV) – The amount it would take to repair or replace damage to your home after accounting for wear and tear (depreciation).

Basic form – Coverage that insures your property with limited coverage against basic perils: fire or lightning; smoke damage; windstorm or hail; explosion; riot or civil commotion; aircraft; vehicles; theft; vandalism and malicious mischief; glass breakage; and loss of property removed from premises endangered by fire or other perils.

Binder – Temporary authorization of coverage issued prior to the actual insurance policy.

Broad form – Specific policy coverage that covers more perils and provides a broader protection base than basic form, including: falling objects; weight of ice, snow and sleet; collapse of building(s) or any part thereof; sudden accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system; accidental discharge, leakage or overflow of water or steam; freezing of plumbing, heating and air conditioning systems; sudden and accidental damage from artificially generated currents to electrical appliances and devices.

Deductible – The amount you must pay out-of-pocket before your insurance will begin paying on a claim.

Endorsement – A written form attached to an insurance policy that alters the policy's coverage, terms, or conditions. Sometimes called a "rider."

Fire protection class – A designation assigned to every property address in Kansas, whether in an incorporated city or unincorporated county area, based on the firefighting capability of such city and/or county/township. The protection class assigned ranges from Class 1 (most protection and lowest fire insurance rates) to Class 8 (least protection and higher fire insurance rates) in incorporated towns and cities. Protection Classes 9 and 10 (least fire protection and highest fire insurance rates) are usually reserved for property addresses in the unincorporated county area. These fire protection classes determine the amount of fire premium charge you will pay for homeowners or renters insurance coverage.

Insolvency – An insurer's inability to pay debts.

Market Value – the value of property established by the price you agreed to pay for your home when you purchased. The market value generally is not involved in determining what amount of coverage to purchase under a homeowner policy.

Mortgage or loss payee clause – A clause usually required by a bank or lending institution when a loan is taken out to purchase a home. In the event a claim is made on the home or real property, any claim settlement amount paid by the insurance company will be made out to the named insured and the bank or lending institution as their interest may appear.

Peril – Events that cause damage to property, such as fire, windstorm and theft.

Personal property – is the stuff you own. Examples include furniture, electronics, clothing, etc.

Replacement cost – The amount it would take to repair or rebuild your home or replace damaged property with materials of similar kind and quality at today's price.

Settlement – The amount of money the insurance company offers for your loss.

Special form – The most common of all forms of homeowners coverage. It usually offers all-peril coverage on the structure and named peril coverages on your contents.

Territorial rating – Homeowners premiums charged in Kansas are partially based on the territorial rating of your home. In other words, your premium will vary depending on what part of the state you live in.

Underwriting – The process of an insurance company determining financial risk and what the appropriate premium should be if a policy is granted.



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