

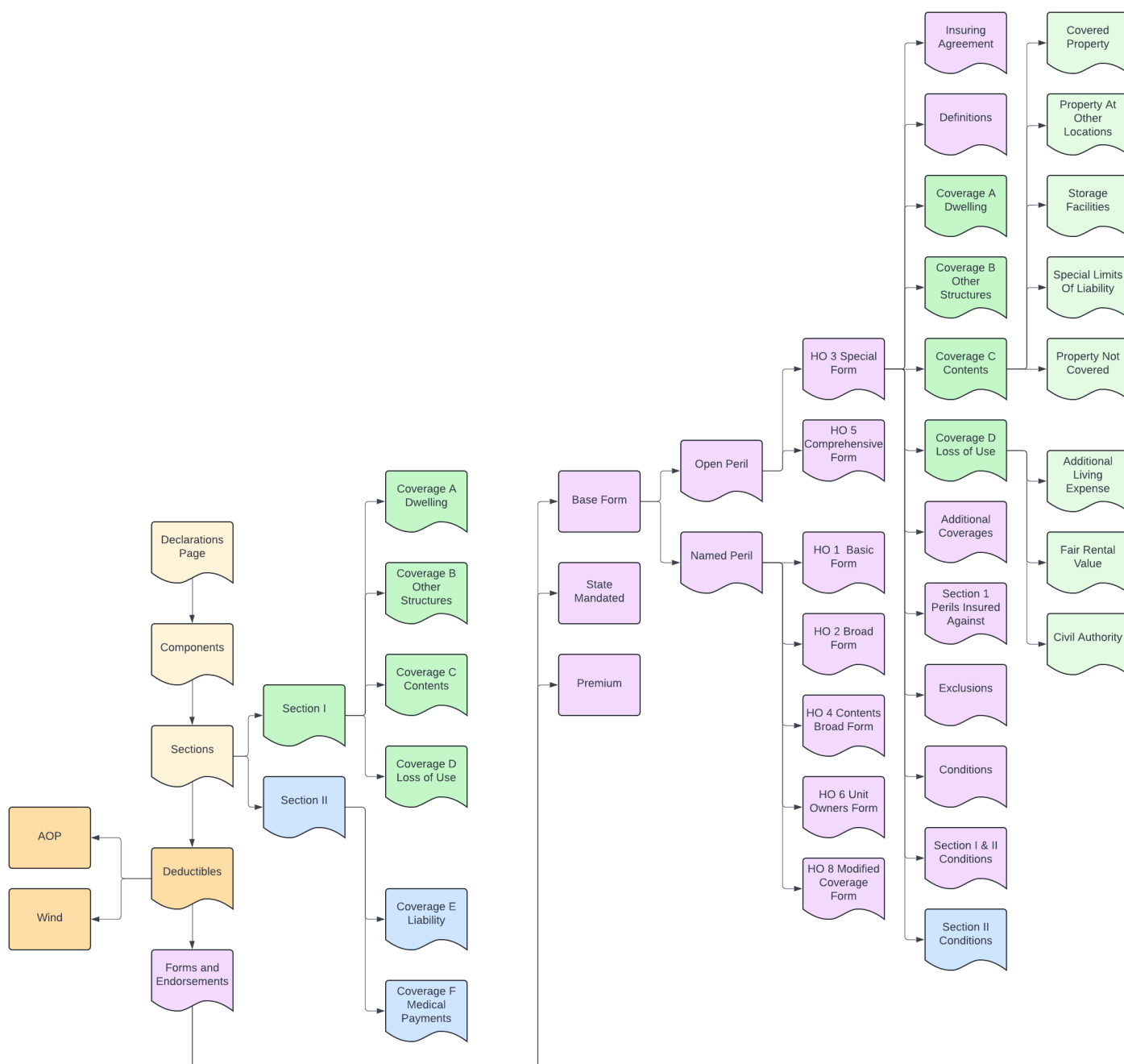
Claims 101

Understanding Your Homeowners
Policy – Part 1

Education Series

 **Strategic *A* Adjusting *S* Services, Inc.**
PUBLIC ADJUSTERS

P.O. Box 546108
Surfside, FL 33154
www.SASclaim.com



Before you can fully understand your insurance policy, you need to have a complete copy. This may sound simple, but it often isn't. At renewal, insurance companies typically only send you updates reflecting changes since the last renewal. Over time, you collect these updates, and when a problem arises, you dig out your insurance file and try to piece everything together — good luck with that!

While it's best practice to have a complete, up-to-date copy of your policy and review it before any loss occurs, the reality is that most people don't do this — myself included. Despite my

extensive knowledge of property policies from over forty years of experience, the complexity remains. My secret? Whenever I take on a new client, I request a certified copy of their policy from the insurance company. A certified policy is one that the insurance company verifies as true and accurate. Then, I read it carefully. However, even reading the policy can be challenging if you're unfamiliar with how policies are organized.

A typical insurance policy consists of several key components:

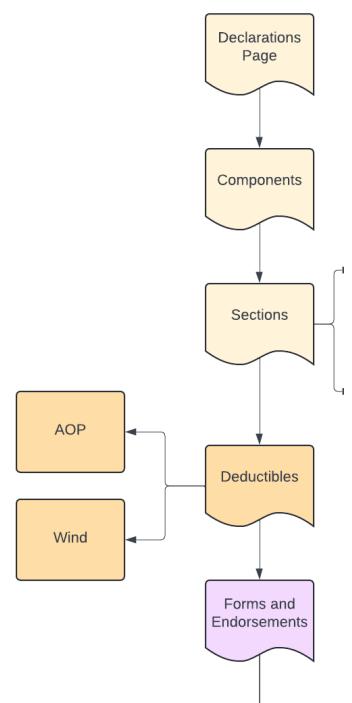
NOW FOR THE LEGAL DISCLAIMER

The interpretation of contracts (insurance or otherwise) is giving legal advice. This paper should not be construed as legal advice. If you want to know how the law applies to insurance contracts, you need to speak with an attorney.

1. **Statutory Notifications:** These are legally required notices mandated by the state.
2. **Declarations Page:** This provides a summary of your insurance policy.
3. **Base Policy Form:** This is the core contract that forms the foundation of your insurance agreement.
4. **Non-Premium Endorsements:** These amendments modify the base policy without additional cost.
5. **Premium Endorsements:** These are optional coverages that you can purchase for an additional premium.

Together, these parts form the binding contract between you and the insurance company. There are additional components, which we'll discuss in this and future papers, but for now, this is the essential information you need to understand.

Where do I start?



Let's presume that you have ordered and received your certified policy. Where do you start? Begin with the declarations page.

Homeowners Declaration Effective 08/06/2020		New Policy	
THIS IS NOT A BILL			
For Policy or Claims Questions Contact Your Agent Listed Below			
Policy Number	FROM	Policy Period TO	Agent Code
	8/6/2020	8/6/2021	FL29490
Named Insured and Address		Agent Name and Address	
Insured Location			
Premium Summary			
Basic Coverages Premium	Attached Endorsements Premium	Assessments / Surcharges	MGA Fees/Policy Fees
Rating Information			
Form	Construction	Year	Number of Families
HO3	Masonry	1990	1
County	Dwelling Replacement Cost	Personal Property Replacement Cost	Protective Device Credits:
MIAMI-DADE	Y	N	Burglar Fire Sprinkler
We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy. For renewals, if we elect to continue this insurance, we will renew this policy if you pay the required renewal premium for each successive policy period subject to our premiums, rules and forms then in effect. You must pay us prior to the end of the current policy period or else this policy will expire.			
Insurance is provided only with respect to the following coverages for which a limit of liability is specified, subject to all the conditions of this policy.			
COVERAGES - SECTION I		COVERAGES - SECTION II	
Coverage A - Dwelling	\$708,591	Coverage E - Personal Liability	\$300,000
Coverage B - Other Structure	\$70,870	Coverage F - Medical Payments	\$1,000
Coverage C - Personal Property	\$354,346		
Coverage D - Loss of Use	\$141,739		
NOTE: The portion of your premium for hurricane coverage is: \$11,532.89 The portion of your premium for all other coverages is: \$5,581.11			
Section I Coverages Subject to a 2.0% of Coverage A - \$14,174 Hurricane Deductible Per Calendar Year.			
Section I Coverages Subject to \$2,500 All Other Perils (Non-Hurricane, Non-Sinkhole) Deductible Per Loss.			
The Ordinance or Law Coverage amount is 25% of Coverage A - \$177,173			
THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE LOSSES WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.			
Flood coverage is not provided by _____ and is not part of this policy.			
Countersignature		Date	
Printed Date: 8/17/2020 3:27:07 PM		1 of 3	

Declaration Effective 08/06/2020		New Policy	
THIS IS NOT A BILL			
Policy Number	FROM	Policy Period TO	Agent Code
	8/6/2020	8/6/2021	FL29490
Mortgagee/Additional Interest 01		Mortgagee/Additional Interest 02	
Mortgagee/Additional Interest 03			
Policy Forms & Endorsements Applicable to This Policy			
NUMBER EDITION	DESCRIPTION	LIMITS	PREMIUMS
HO3 15 05 18	Homeowners 3 Special Form		
HO3 15 03 18	Outline of Your Homeowner Policy		
HO3 15 12 17	Windstorm Protective Devices		
HO3 15 12 17	Water Back-Up and Sump Discharge or Overflow Coverage	\$5,000	
HO3 15 12 17	Calendar Year Hurricane Deductible With Supplemental Reporting Requirement - Florida		
HO3 15 12 17	No Coverage for Home Day Care Business		
HO3 15 12 17	Year Built Surcharge		
HO3 15 12 17	No Prior Insurance Surcharge		
HO3 15 12 17	Personal Liability Increase Endorsement	\$300,000	
HO3 15 12 17	MGA Fee		
HO3 15 12 17	Emergency Management Preparedness Assistance Trust Fund		
YOUR POLICY PROVIDES COVERAGE FOR A CATASTROPHIC GROUND COVER COLLAPSE THAT RESULTS IN THE PROPERTY BEING CONDEMNED AND UNINHABITABLE. OTHERWISE, YOUR POLICY DOES NOT PROVIDE COVERAGE FOR SINKHOLE LOSSES. YOU MAY PURCHASE ADDITIONAL COVERAGE FOR SINKHOLE LOSSES FOR AN ADDITIONAL PREMIUM.			

As you can see from the image above, the declarations page contains a lot of detailed information. This example has been sanitized to protect the privacy of both the insured and the insurer. Your own declarations page may look similar, but even if it doesn't, don't worry. Here's the key information you should expect to find on your declarations page:

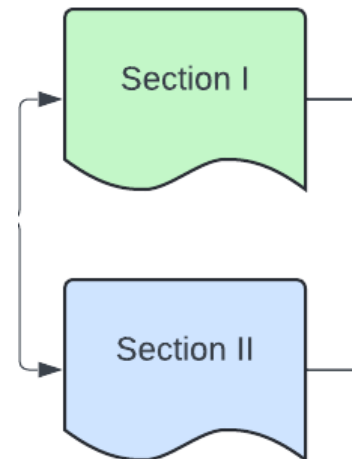
- The name and address of the insurance company
- The named insured and their mailing address
- The agent's name and address
- The policy number and effective dates
- The insured location
- Rating information
- Coverage provided and policy limits
- Applicable deductibles
- Statutory warnings
- Additional interests (such as other insureds and mortgagees)
- Policy forms and endorsements

It's important to note that many policies include separate deductibles for All Other Perils (AOP), windstorms, non-named windstorms, earthquakes, and sinkholes. These separate

deductibles vary by state and coverage, and they can add up to thousands of dollars, representing significant financial exposure. If you live in a state where separate deductibles are allowed, it's wise to set aside funds in a savings account to cover these potential costs. Believe me, you'll be glad you did if the need arises.

Base Form

After reviewing the information on the declarations page, move on to the Base Form. This form will typically have a name like *Special Coverage*, *Broad Form Coverage*, *Basic Coverage*, or something similar. Insurance companies often use different naming conventions to distinguish themselves from competitors, but the key takeaway is this: your coverage will either be provided on an All-Risk basis, a Named Peril basis, or a combination of both.



The Base Form is usually divided into two sections:

- **Section I:** This covers first-party benefits, which are payments made directly to the named insured and other interested parties, such as a mortgagee.
- **Section II:** This covers third-party liability, meaning payments made on behalf of the named insured for legal liability to a third party.

The Base Form itself contains several critical parts, which we will now explore.

- ✓ **Insuring Agreement** (in a nutshell this confirms that in exchange for your payment of the premium, you receive the benefit of insurance coverage).
- ✓ **Definitions** (this part defines words with special meaning. Any time a word or phrase has a special meaning it is bracketed with “ “ marks).
- ✓ **Section I Property Coverages** (which may include all or some of the following)
 - Coverage A – Dwelling
 - Coverage B – Other Structures
 - Coverage C – Personal Property aka Contents
 - Special Limits of Liability (these is property for which a special limit of liability applies. An example of this is money. This is typically limited to \$200 regardless of how much money is lost).
 - Property Not Covered
 - Coverage D - Loss of Use
 - Additional Living Expense
 - Fair Rental Value
 - Civil Authority Prohibits Use
 - Loss or Expense Not Covered
 - Additional Coverages

- ✓ **Section I – Perils Insured Against**
 - Coverage A – Dwelling and Coverage B – Other Structures
 - Coverage C – Personal Property
- ✓ **Exclusions**
- ✓ **Conditions**
- ✓ **Section II – Liability Coverages**
 - Coverage E – Personal Liability
 - Coverage F – Medical Payments to Others
 - Section II Additional Coverages
- ✓ **Section II – Conditions**
- ✓ **Section I and II - Conditions**

This is a broad outline of the Base Form. We will go into detail on each of these parts in future papers.

We trust you found this information helpful. Please feel free to share this information and download other educational materials from our website.



Scan me!

This information is provided you by Strategic Adjusting Services, Inc. We are a boutique public adjusting concern headquartered in South Florida providing customized adjusting services to discriminating clients in Bal Harbour, Surfside, Indian Creek and surrounding areas.

If you find the claims process difficult or too time consuming (most likely) and need assistance, please feel free to contact us to arrange for a complimentary consultation about your damages. We can be reached at:

Email: admin@sasclaim.com