Your Guide to Homeowners Insurance

For Michigan Consumers

DIFS DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Toll Free Consumer Assistance Line | 877-999-6442 | www.michigan.gov/difs

Table of Contents

Page 4	Understanding Your Homeowner Insurance Policy
Page 5	Sample of a Declarations Page
Page 6	Insurance Eligibility
Page 7	Types of Policies
Page 8	Settlement Options Found in Homeowners Policies
Page 9	Types of Coverage
Page 10	Extra Coverages You Can Purchase
Page 12	Understanding Rates and Premiums
Page 13	Ways to Reduce Your Premium
Page 14	If You Experience a Loss
Page 15	Shopping for Coverage
Page 16 – 18	Insurance Worksheets
Page 19	Homeowners Insurance Company Web Addresses
Page 20	Glossary of Common Homeowner Insurance Terms

This Consumers Guide is a publication prepared by the Michigan Department of Insurance and Financial Services (DIFS). You can view more publications by visiting the DIFS website at www.michigan.gov/difs.

Any insurance consumer who needs help with an insurance problem or question can call DIFS for assistance toll-free at 877-999-6442.

Understanding Your Homeowner Insurance Policy

Your insurance policy is a contract between you and your insurance company. It specifies what the company agrees to do in exchange for the premium you pay. It also describes your responsibilities and the terms of coverage. The contract is divided into two basic sections: a declarations page and the policy itself.

The Declarations Page

The declarations page is usually the first part of an insurance policy and includes basic details of the agreement such as:

- Name of the insurance company;
- Name(s) of the person(s) insured;
- Location of the insured residence;
- The policy number;
- Property covered;
- Coverages purchased;
- Limits of liability for each coverage;
- Applicable deductibles; and
- Your premium.

The Policy

The second part of your insurance contract is the policy itself. This includes:

- Insuring agreements
- Definitions
- Conditions

*Section I of your policy describes your property coverages and the perils it covers.

Section II typically includes:

- Liability coverage (protection against claims someone else makes against you)
- Premises medical coverage or accidental injury coverage(pays the medical expenses of others accidentally injured on your property)

Each section includes coverages, limitations, exclusions, definitions, and conditions that apply only to that section.

Sample Declarations Page

Policy Number: HO-xxxxxxx-xx
Policy Type: Homeowners Policy
Reason for Declaration: New Policy
Replacement Value: $xxx,xxx
Name Insured: Susan Smith
Mailing Address: street, address, city, state, zip

Company Name: Insurance Company of Michigan
Agent Name: John Doe
Phone Number: 1-800-xxx-xxxx
Annual Premium: $xxx.xx
Payment Plan: Monthly

Issue Date: Month, Year

Location of the insured residence: (this may be the same as or different than the mailing address)

Rating Information

Type of Construction: Frame
Township (or city): Hartland Twp
Protection Class: 06
Year of Construction: 2000
County: Livingston
Territory: 015

Perils Insured Against

Personal Property: Broad Perils

Loss Evaluation(s)

Dwelling: Replacement Cost
Personal Property: Replacement Cost

Effective Date: June 2, 2015
Policy Period: From 06/02/2015 to 06/02/2016

Section I – Property Coverage	Limit of Liability
A. Dwelling	$xxx,xxx
B. Other Structures	$ xx,xxx
C. Personal Property/Contents	$ xx,xxx
D. Loss of Use	$ xx,xxx
Equipment Breakdown (included)	$ xx,xxx
Water Backup and Sump Pump Discharge Or Overflow (included)	$ xx,xxx

Deductible: $x,xxx

Section II – Liability Coverage	Limit of Liability
E. Personal Liability	$xxx,xxx
F. Medical Payments to Others	$ x,xxx
Total Annual Premium (for property and liability coverages)	$ xx,xxx

Credits/Surcharges

Credit-based Insurance Score
Multi-Policy Credit
Non-Smoker Credit

Insurance Eligibility

Michigan law defines an "eligible person" for homeowners insurance as a person who is the owner living in, or a tenant of, one of the following types of dwellings: a house, condominium unit, cooperative unit, room, apartment, or a multiple unit dwelling of not more than four residential units.

> If you are eligible under the law you cannot be denied insurance solely because of the age of your house, its location, or the type of neighborhood you live in.

However, you may still be considered "ineligible" and can be turned down for insurance if:

- ✓ Within the past 5 years you have been found guilty of a crime of arson or of an attempt to commit a crime of arson, the use of explosives, or destroying property.
- ✓ Within the past 5 years you have been denied payment by an insurer of a claim under a home insurance policy based on evidence of arson, fraud, or conspiracy to commit arson or fraud.
- ✓ The property you want to insure is used for illegal or dangerous purposes.
- ✓ Taxes on the property you want to insure are 2 or more years past due.
- ✓ You refuse to buy the minimum amount of coverage required for the type of policy you want.
- ✓ Your home has a physical condition which presents an extreme likelihood of a significant loss under a home insurance policy.
- ✓ Within the past 2 years your home insurance has been canceled because of non-payment of premium. Upon the insurer's discretion, this may be overlooked if you pay the entire premium in advance before renewal of the policy.
- ✓ A company requires you to be a member of a group, club, or organization and you choose not to join or maintain membership.
- ✓ If the value of the property you want to insure does not meet the minimum requirements for the type of policy you want to buy.

If you find that you are ineligible for home or renters insurance, you may want to ask your agent to apply to the **Michigan Basic Property Insurance Association** (MBPIA). The MBPIA was created by the state legislature to provide property insurance to persons who cannot find insurance in the regular market. Any licensed agent can help you obtain insurance through the MBPIA.

Do I Have to Carry Insurance on a Home?

Unlike some other insurance coverages, you are not required by law to purchase homeowners insurance. However, if you are financing your home, your lender will require you to purchase insurance to protect its financial interest. Lenders will buy an insurance policy if you don't maintain insurance coverage in accordance with the terms of your loan agreement. The loan documents you sign require you to maintain coverage. If coverage is not maintained, the lender will place coverage on the property, force-placed insurance, to protect their interest in the property and charge you for this coverage.

The loan documents will spell out specifically what must be covered and how proof of coverage is to be submitted to the lender or the company servicing the loan. If your home is not being financed you

may choose not to purchase homeowners insurance, but you will be assuming all the risk to replace your home and possessions if they are damaged.

Types of Policies

The main types of homeowners insurance are:

Broad (HO-2) covers damage to the dwelling and possessions from specific perils listed in the policy such as explosion, fire, lightning, windstorm, hail, riot, civil commotions, theft, vandalism, falling objects, smoke, and damage from a vehicle or aircraft. "Broad" form policies are also known as "named peril" policies.

All Risk (HO-3) is the most common type of homeowners policy. The dwelling is covered against all risks or perils except those specifically excluded in the policy. The home's contents are generally covered against named perils.

Renters (HO-4) policies provide coverage on the renter's personal property if it is stolen, damaged, or destroyed in a home or apartment. Personal property is covered against named perils and losses are settled on an actual cash value basis unless the renter purchases replacement cost coverage. A renter's policy does not cover the house or apartment building or any detached structures.

Condominium (HO-6) policies provide coverage similar to a renter's policy since the limit chosen is based on the value of the owner's personal property or contents.

An HO-6 policy also provides coverage for that part of the dwelling that belongs to the condominium owner; this includes alterations, appliances, fixtures and improvements that are part of the building or are contained within the building. Both the dwelling and the contents are covered against named perils.

Additional coverage may be added to a policy through attachments known as endorsements, floaters, or riders to extend protection to specific items you own. Ask your insurance agent about buying endorsements for an additional premium if you would like more coverage than your policy provides. The availability of endorsements varies by company.

Other Types of Policies

Mobile homeowner policy

Policies are similar to those for conventional homes but have additional provisions specific to mobile homes. They usually include the cost of moving your home to avoid damage from floods, windstorms, and other perils.

Farm or ranch policy
Policies are similar to those of homeowners but include special additions for farm or ranch buildings and equipment.

Travel trailers, camping trailers, and motor home policy
They are insured under automobile, recreational vehicle, or special policies.

Settlement Options Found in Homeowners Policies

It is important to know the difference between replacement cost, repair cost, and actual cash value when it comes to insuring both your home and your possessions. Most homeowners insurance policies will give you the choice to cover contents on a replacement cost basis or an actual cash value basis. However, there are also policies available that provide for settlement on a repair cost basis.

Replacement cost is the cost to replace, repair or rebuild your home to its original condition with materials of the same kind and quality if it is damaged or destroyed. For example, a hardwood floor would be repaired or replaced with hardwood rather than a laminate or other material. Replacement cost coverage pays the full cost of replacing your property, minus your deductible, and up to your policy's dollar limit. A standard homeowners policy contains a limit on the replacement value. If your limit is less than what it would take to rebuild your home at current construction material and labor costs, you may want to increase your policy limit.

Repair cost is the cost to replace, repair or rebuild damaged dwellings to a similar condition, using contemporary materials. For example, plaster walls may be replaced with drywall. The maximum amount the insured is able to collect may not be enough to repair or replace the property to its original condition. Make sure you discuss the coverage in detail with your insurance agent to ensure that you understand the loss settlement provisions thoroughly.

Actual cash value is the replacement cost of the property at the time of loss minus depreciation. This means the insurance company will subtract an amount for depreciation from the value of your possessions before paying your claim. For example, actual cash value on a 10 year-old television may only be $50. Replacement cost is what it would cost to replace it with a similar model today, which would be substantially more than $50. Replacement cost minus depreciation equals actual cash value.

Types of Coverage

There are seven major coverage parts of a typical policy: Coverage A, B, C, D, E, F and G. The coverage parts are complex with many exclusions and limitations. Price is only one factor to consider when selecting your insurance. Consider purchasing homeowners insurance at a sufficient level so that, if there is a need to file a claim, there are no surprises or gaps in your coverage.

Dwelling (Coverage A)

This coverage protects against loss to the dwelling. Except for repair cost policies, a loss which occurs to an insured dwelling is typically settled on a replacement cost basis.

Appurtenant Structures (Coverage B)

Other structures on the property, such as a detached garage, tool shed, barn, or swimming pool are usually covered for up to 10 percent of the dwelling amount with no extra premium charge.

Personal Property/Contents (Coverage C)

This coverage protects against loss to personal property in amounts which vary, depending on the policy form type. Covered loss of personal property is usually settled on an actual cash value basis. However, many companies offer replacement cost coverage on personal property for additional premium.

Off-Premises Loss

There is also protection against loss to personal property while away from the premises, such as property left in a car or hotel room. Usually the coverage is limited to 10% of the total contents coverage amount.

Special Items

There are special limits on coverage for certain items such as money, jewelry, computers, or furs. These limits vary by company and do not increase the total amount of coverage under the policy.

Additional Living Expenses (Coverage D)

The additional living expenses portion of your homeowners insurance policy pays for extra expenses homeowners incur if they have to live away from home following an insured risk. Expenses paid include hotel or apartment bills, restaurant meals and even lost rent if you rent out part of your house. Coverage for additional expenses is typically 20% of the insurance on your house.

Liability (Coverage E)

This coverage provides protection in the event you become legally obligated to pay for bodily injury or property damage. For example, if you were sued by someone injured on your property, this coverage will pay to defend you and provide coverage if you are determined to be liable.

Medical Payments (Coverage F)

This coverage pays for immediate care, such as first aid, ambulance charge, etc., for someone who is hurt on your property. The amount of coverage offered depends on **the company**.

Property of Others (Coverage G)

Replacement cost coverage is provided for physical damage to the property of others that is caused by the insured. The amount of coverage is dependent on **each insurer**.

Extra Coverages You Can Purchase

There are additional coverages available to purchase. Some additional coverages you may wish to consider are:

Additional Replacement Cost Coverage

Additional replacement cost coverage for the dwelling may be purchased under certain types of homeowners policies. Under this additional coverage, the company guarantees that you will be protected for the full replacement cost of the house, even if that amount is higher than the policy limit. Some companies refer to this coverage as "extra expense" coverage or "guaranteed replacement cost" coverage. Check with your agent to find out the specific limits of this additional coverage.

Debris Removal

If debris removal expense plus damage to property is more than the limit of coverage selected, an additional 5 percent of the coverage limit may be available for debris removal. This is coverage provided for the reasonable expense incurred for removal of debris of covered property after a covered loss.

Tree Removal

This coverage will pay to have damaged trees removed; the standard limit is $500. Many companies require the tree to have actually fallen or caused damage to other property due to a covered peril before coverage is provided.

Trees, Shrubs, and Other Plants

This coverage will pay the cost to replace damaged trees, shrubs and other plants; the standard limit is $500 per item up to an aggregate limit.

Fire Department Service Charge

This coverage pays this expense when the fire department is called to save or protect covered property; the standard limit is $500.

Credit Card, Fund Transfer Card Forgery, and Counterfeit Money

This coverage protects against the fraudulent use of credit cards or fund transfer cards (money machine) or reimburses you if you accidentally receive counterfeit money; the standard limit is $500.

Ordinance and Law Coverage

This coverage can be very important if you own an older home. It provides extra coverage if your home is partially damaged and cannot be rebuilt to its original condition because of changes in the local building codes. The insurance company will not pay for the upgrades unless you have this additional coverage. The standard limit is 10% of the total dwelling coverage amount, but some companies will allow you to purchase larger amounts.

Personal Property Endorsements

This coverage provides extra insurance, up to the value of the insured property, for items that exceed the amount listed for such property in your regular policy. You may need to purchase this additional coverage for items such as expensive jewelry, cameras, collections, laptop computers, or rare

antiques. Most insurers require you to have such items appraised to determine their value at the time you purchase the insurance.

Water Backup and Sump Pump Overflow

Read your policy carefully for coverage and exclusions relating to water damage. You may need to purchase additional coverage for damage resulting from water backup and sump pump overflow.

Flood Insurance

Your regular homeowner insurance policy does not contain coverage for flood damage to your home and contents. In order to have coverage in the event of a flood, you must purchase an additional flood insurance policy. Your agent should be able to advise you about how to purchase this coverage as well as the amount of coverage you need. You may also call the National Flood Insurance Program for more information at 888-379-9531 or visit www.floodsmart.gov.

Understanding Rates and Premiums

Insurance companies use rating factors to determine the premium they will charge you for your policy. Rating rules are used to give the company the ability to charge the correct rate for the risk they are insuring and to apply discounts fairly among their policyholders.

In addition to rates, companies develop guidelines, called underwriting rules. Underwriting rules are the criteria an insurer uses to decide if a risk qualifies for coverage. Each company's guidelines may differ, but each company's underwriting rules and rates must be applied uniformly and consistently throughout this state.

Factors That Affect Your Premium

An insurance company uses the process of underwriting to determine whether to sell you a policy and what premium to charge. Different factors can positively or negatively affect your premium. Insurance companies use many factors to determine the amount of premium you pay. These factors may include such things as:

- Amount and type of coverage. Your premiums will increase in relation to the amount of coverage you choose to purchase to protect your home, property, and assets.
- Your home's age and condition. The premium is often higher for an older home or one in poor condition than it is for newer ones and those in good condition.
- Your claim history. Your claim history includes both the type and the number of claims filed. Your history of filing claims for water damage, fire, theft, or liability on homes you have owned is used by the insurance company to determine what to charge for your coverage.
- Construction material used in your home. The insurance premium is usually lower for homes built primarily of brick or masonry than for wood-frame homes.
- Availability of local fire protection. Homes in areas with access to quality community fire protection and a nearby water source usually have lower premiums.
- Availability of law enforcement or crime prevention services. Premiums may be lower if your home is in proximity of regular and available law enforcement patrol.
- Where you live. The law allows insurance companies to divide the state into rating territories. Premiums could be higher for homes in areas with higher crime rates, high storm activity, or higher claims history.
- The cost to rebuild your home. If your home is destroyed, your policy will pay to rebuild your home if you have a replacement cost policy, depending on the policy limit, at current construction material and labor costs. This is not the same as the purchase price of your home which includes the cost of the land. Your premiums will increase in relation to the amount of your replacement cost coverage.

Ways to Reduce Your Premium

Discounts

Companies may offer premium discounts based on factors that are likely to reduce losses or expenses. Each insurance company sets the amount of discounts it offers. Common discounts offered by many companies include:

- Paid in full discount
- Mature homeowner discount (Age of maturity varies by insurance company)
- Claim free discount
- Non-smoker discount
- New home discount
- Credit-based insurance score discount
- Multi-policy discount
- Protective Devices (smoke detectors, fire extinguishers, burglar alarms, heavy duty locks etc.)

Increased Deductibles

You may want to consider the largest deductible your budget can handle to lower your premium.

How Discounts Affect Your Premium

The example below represents a standard base premium a person may have to pay for an HO-3 policy (All Risk) if they do not qualify for any discounts. The discount is applied separately, totaled and then deducted from the base premium. Our example shows how dramatically the premium has changed. However, you may not qualify for each of the discounts offered in this example or your insurance company may not offer all of these discounts. The example illustrates how important it is for each homeowner to shop for coverage with several different companies and inquire about all discounts for which they may be eligible.

Base Premium		**$1,510**
Smoke Detector Discount	2%	-30
Deadbolt Lock Discount	2%	-30
Fire Extinguisher Discount	2%	-30
New Home Discount	20%	-302
Auto/Home Multi policy Discount	17%	-257
Life/Home Multi policy Discount	5%	-76
Credit-Based Insurance Score 7	6%	-91
Mature Homeowner Discount	3%	-21
Final Premium		**$673**

This company offers several levels of discounts for a new home. For example, a 2-year-old home still has a new home discount, but it will decline annually until the home reaches 10 years of age at which time the discount ends. In the example, the applicant received a credit-based insurance score of seven and a discount of 6% off the base premium. For this company, a score of seven is a medium range discount. However, each company uses a different scoring methodology so be sure to ask your agent about your insurance score and how it affected the premium you are being quoted.

Home Insurance Discounts by Company

The insert is a listing of discounts. It is not a comprehensive list. Companies add new discounts frequently. Be sure to ask for a list of those that are offered from each company you are considering for the purchase of homeowners insurance. However, most companies have a cap on the total amount of discounts that a person can use to reduce their premiums. For example, if you qualify for several discounts that amount to over 90% of the premium, the company may limit the total amount of discounts you can claim to 50% of the premium.

Prepare Ahead to Ease the Claims Process

Insurance is something you hope you never have to use, but if you should ever need to file a claim after experiencing a loss of property from fire, theft, or other cause, take steps now to make the process of filing a claim easier.

- Written inventory - Create and regularly update a written inventory of your home's contents. Your insurance company may have a home inventory checklist available to help you compile an accurate inventory of your possessions or use the National Association of Insurance Commissioners' (NAIC) downloadable home inventory checklist.
- Receipts - Keep copies of receipts to document items purchased, date and cost.
- Video/photographic record - Videotape or photograph the contents of your home and the exterior from different viewpoints and angles. Include video/photos of each room, closet, cabinet, drawer, garage, attic and separate buildings from the residence.
- Document security – Keep your insurance policy, home inventory, appraisals, photos and video records in a secure secondary location (such as your office or a safety deposit box). Update your records and documentation annually.
- Appraisals – Have someone appraise your jewelry, antiques, stamps, coins, and other valuable collectibles.

If You Experience a Loss

- Notify your agent or insurance company immediately and report losses involving theft or crime to the police.
- Review your policy and ask your agent or insurance company if you have any questions regarding coverage dollar limits.
- Ask your agent or insurance company what documents, forms and other data you need to get your claim processed. Complete and submit all forms in a timely and accurate manner to prevent claim processing delays.
- Make a detailed list of your damaged property by itemizing your losses. If possible, photograph or videotape the damage before making any repairs.
- Make only temporary repairs to protect your house and belongings from further damage. Save the receipts for temporary repairs and submit them to the insurance company for reimbursement. You should not make permanent repairs until after your insurance company has inspected the damaged property.
- Tell your agent or insurance company where they can reach you.
- Write down the date, name, and title of the person you spoke with and what was said whenever you communicate with your insurance company in-person or on the telephone.

Shopping for Coverage

Take the time to shop around for your homeowners insurance. You may be surprised at how much money you can save if you pick up the phone or go on-line to obtain quotes from several companies. Remember insurance quotes are not binding and the actual price is determined upon inspection of your dwelling.

To get an accurate quote, you will need the following type of information:

- Construction materials
- Type of floor plan
- Number and types of rooms
- Type of garage or carport
- Total square footage
- Fire and security devices
- Distance from the nearest fire department and hydrant
- Loss history

Questions to ask:

- How much would I save if I increase my deductible?
- What is the difference between flood insurance and water damage or sewer back up insurance?
- Is my coverage replacement cost or repair cost?
- Are my dependents living away from home covered under my policy?
- Does coverage include water damage or sewer back up?
- Does the policy cover my jewelry, antiques, or special collections?
- What other special coverages are available?
- What proof do I need in case of loss?
- What discounts might I be eligible for?

Insurance Worksheet for Homeowners

Use this chart to compare the quotes you receive from insurers and to explore the available options. In order to accurately compare policies, you will need to indicate what each company includes for each of the coverages in their policy limits. For example, Company A may have a $500 standard deductible, while Company B may have a $1000 deductible for the same total premium. To make accurate comparisons you will need to make sure all values are equal or decide which items you are willing to pay more for if you increase the limit.

Coverage (HO-2 or HO-3*)	**Company A** _____	**Company B** _____	**Company C** _____	**Company D** _____
Home Repair Cost (HO-2) or Replacement Cost (HO-3) dwelling limit				
Personal Liability				
Deductible				
Appurtenant Structures (unattached garage, outbuildings, etc.)				
Contents: Replacement Cost (RC) or Actual Cash Value (ACV)	_____ _____	_____ _____	_____ _____	_____ _____
Off Premises Contents				
Additional Living Expense				
Medical Payments				
Property of Others				
Discounts Offered by Company – List each discount for which you qualify and the amount it will reduce your premium.				
Annual Premium				

*An HO-3 may have either replacement cost or actual cash value settlement options for contents. In order to make a complete comparison among policies be sure to identify which settlement option the issuer uses for contents. Replacement cost content policies may be somewhat more expensive.

Insurance Worksheet for Homeowners (continued)

The chart below lists optional coverages that you can usually purchase for a fee with your home insurance policy. You will have to determine what coverage is most appropriate for your particular lifestyle.

Coverage	Company A _____	Company B _____	Company C _____	Company D _____
Guaranteed Replacement Cost	$	$	$	$
Ordinance and Law Coverage	$	$	$	$
Debris Removal	$	$	$	$
Credit Card, Fund Transfer, Counterfeit Money	$	$	$	$
Sewer and Drain Back up	$	$	$	$
Scheduled Personal Property	$	$	$	$
Tree Removal	$	$	$	$
Trees, Shrubs and Other Plants	$	$	$	$
Fire Department Service Charge	$	$	$	$
Other				
Additional Premium:	$	$	$	$

Insurance Worksheet for Renters (HO-4) and Condominium Owners (HO-6)

Coverage (HO-4 or HO-6)	**Company A** _____	**Company B** _____	**Company C** _____	**Company D** _____
Dwelling Coverage (HO-6 only)				
Contents: Replacement Cost (RC) or Actual Cash Value (ACV)	_____ _____	_____ _____	_____ _____	_____ _____
Personal Liability Amount				
Standard Deductible Amount				
Off Premises Contents				
Additional Living Expense				
Medical Payments				
Property of Others				
Loss Assessment (HO-6 only)				
Discounts Offered by Company--List each discount for which you qualify and the amount it will reduce your premium.				
These are additional coverage options you can purchase with your HO-4 or HO-6 insurance policy. Each option will add cost to the standard policy premium. You will have to determine what coverage is most appropriate for your particular lifestyle.				
Credit Card, Fund Transfer, Counterfeit Money				
Scheduled Personal Property				
Others				
Annual Premium:				

Home Insurance Company Web Addresses

Most insurers offer Internet websites which allow consumers to shop for home insurance and obtain insurance quotes. DIFS asked insurance companies participating in the discount survey to provide us with their website address. The following list of company website addresses is being provided as an additional shopping tool.

Allstate Indemnity Company	www.allstate.com / 866-621-6900
Allstate Insurance Company	www.allstate.com / 866-621-6900
Allstate Property and Casualty Ins. Co.	www.allstate.com / 866-621-6900
Allstate Vehicle and Proper Ins. Co.	www.allstate.com / 866-621-6900
American Bankers Ins. Co. of Florida	877-584-1364
American Family Home Ins. Co.	www.AMIG.com
American Modern Select	www.AMIG.com
American Security Ins. Co.	877-893-5739
Armed Forces Insurance Exchange	www.afi.org
Auto Club Group Ins. Co.	www.michigan.aaa.com/insurance
Auto-Owners	www.auto-owners.com
Automobile Ins. Co. of Hartford, CT.	www.travelers.com
Bankers Standard Ins. Co.	800-444-6161
Central Mutual Insurance Co.	www.central-insurance.com
Cincinnati Ins. Co.	www.cinfin.com
Citizens Insurance Co. of American	www.hanover.com
Depositors Insurance Co.	800-982-0756
Electric Insurance Co.	800-227-2757
Encompass Indemnity Co.	www.encompassinsurance.com
Encompass Property and Casualty Co.	www.encompassinsurance.com
Farm Bureau General Insurance Co. of MI	www.farmbureauinsurance-mi.com
Farmers Insurance Exchange	www.farmers.com
Fidelity and Deposit Co. of MD	800-660-4539
Fire Insurance Exchange	www.farmers.com
Hastings Mutual Insurance Co.	www.hastingsmututal.com
Homesite Insurance Co.	www.homesite.com / 800-466-3748
Homesite Insurance Co. of the Midwest	www.homesite.com / 800-466-3748
IDS Property Casualty Insurance Co.	www.ameriprise.com/autohome
Kemper Direct (formerly Unitrin Direct)	www.kemperdirect.com
MemberSelect Insurance Co.	www.michigan.aaa.com/insurance
Metropolitan Property and Casualty Ins. Co.	866-482-5546
Michigan Insurance Co.	www.michiganinsurance.com
Mutual Aid Exchange	www.maxinsurance.com
Pharmacists Mutual Insurance Co.	www.phmic.com / 800-247-5930
Praetorian Insurance Co.	800-660-4539
Privilege Underwriters Reciprocal Exchange	www.pureinsurance.com
QBE Insurance Corporation	800-660-4539
State Automobile Mutual Ins. Co.	www.stateauto.com
State Farm Fire and Casualty Co.	www.statefarm.com
Teachers Insurance Co.	www.horacemann.com
Travelers Indemnity Co. of America	www.travelers.com
Trumbull Insurance Co.	800-824-8822
Wolverine Mutual Insurance Co.	www.wolverinemutual.com

Glossary of Common Homeowner Insurance Terms

A

Actual Cash Value (ACV) — The value of your property, based on the current cost to replace it minus depreciation. Also see "replacement cost."

Additional Living Expenses (ALE) — The additional living expenses portion of your homeowners insurance policy pays for extra expenses homeowners incur if they have to live away from home following an insured risk. Expenses paid include hotel or apartment bills, restaurant meals and even lost rent if you rent out part of your house. Coverage for additional expenses is typically 20 percent of the insurance on your house.

Adjuster — An individual employed by an insurer to evaluate losses and settle policyholder claims. Also see "public insurance adjuster."

Agent — A person who sells insurance policies.

All Risk — Coverage against "all risks" means that losses are covered for any reason except for those specifically excluded in the policy. Those risks excluded could be items such as flood, war, collapse, and water and sewer back up.

Application — A form you fill out with information about you that an insurance company will use to decide whether to issue you a policy and how much to charge.

Appraisal — An evaluation of home insurance property by an authorized person to determine property value or damaged property value.

B

Binder — A temporary insurance contract that provides proof of coverage until you receive a permanent policy.

Broad Form Insurance — Coverage is provided for the named perils specified in your policy. "Broad" Form policies are also known as "named peril" policies.

C

Cancellation — Termination of an insurance policy by the company or insured before the renewal date.

Claim — A policyholder's request for reimbursement from an insurance company under a home insurance policy for a loss to property.

Claimant — A person who makes an insurance claim.

Contract — An insurance policy. A policy is considered to be a contract between the insurance company and the policyholder.

Coverage Amount — The dollar amount of the coverage.

Credit-Based Insurance Score — This score is a rating based in whole or in part on a consumer's credit information. An insurance score is not the same as a credit score. Using a mathematical formula, a consumer's credit characteristics are put through a scoring model that assigns weights to various factors to determine an "insurance score." The resulting score is indicative of the likelihood the consumer will file a claim, not his/her ability to pay the premium. The scoring models are developed by modeling firms such as Fair Isaac and ChoicePointe, or by individual insurers.

D

Declarations Page — Usually the first page of an insurance policy, it contains the full legal name and address of the insurer, name and address of the insured, the policy number, the period of time a policy is in force, the amount of the premium, and the amount of coverage.

Deductible — The amount the insured is responsible to pay in a loss before any payment is due from the insurance company.

Depreciation — Decrease in the value of property over time due to use or wear and tear.

E

Effective Date — The date on which an insurance policy becomes effective.

Endorsement — A written agreement attached to a policy expanding or limiting the benefits otherwise payable under the policy. The purpose of the endorsement, also called a "rider," is to modify the original agreement to fit the needs of one specific policy owner.

Exclusion — A provision in an insurance policy that denies coverage for certain perils, people, property, or locations.

Expiration Date — The date on which an insurance policy expires.

F

Force-Placed Insurance — Insurance coverage for only one of the parties having an insurable interest in that property. For instance, if you still owe money on your mortgage and do not have homeowners insurance, your lender may take out a single interest insurance policy to protect its own interest in your property. This type of insurance protects only the lender, not the homeowner.

H

Homeowner Policies — Property insurance policies that provide a package of coverage such as property damage protection, liability insurance, coverage for additional living expenses, etc.

I

Independent Adjuster — A person who charges a fee to an insurance company to adjust a claim on behalf of the insurer.

Inflation Protection — Automatically adjusts your home insurance policy limits to account for increases in the costs to repair or rebuild a property.

Insured — The person(s) entitled to covered benefits in the event of a loss.

Insurer — The insurance company.

L

Lapse — The termination of an insurance policy because a renewal premium is not paid.

Liability Coverage — Covers losses for which an insured is legally liable. For homeowners insurance, liability coverage protects you against financial loss if you are sued and found legally responsible for someone else's injury or property damage.

Loss — The dollar amount associated with a claim.

Loss of Use — A provision in homeowners and renters insurance policies that reimburse policyholders for the additional costs (housing, food, and other essentials) of having to live elsewhere while the home is being restored following a loss.

Loss History — Refers to the number of insurance claims previously filed by a policyholder. A company will consider loss history when underwriting a new policy or considering a renewal of an existing policy. Companies view loss history as an indication of the likelihood that an insured will file a claim in the future.

M

Market Value — The current value of your home, including the price of land.

Material Misrepresentation — A significant misstatement in an application form. If a company had access to the correct information at the time of application, the company might not have agreed to accept the application or would have issued the policy at a different premium.

N

Named Perils — A type of insurance policy that names specific risks or "perils" covered by the policy. These include fire, theft, smoke, lightning, riot, explosion, wind, falling objects, vandalism, etc.

Non-renewal — A decision by an insurance company not to renew a policy.

O

Optional Coverages – Endorsements to a policy that provide additional protection against losses that would not otherwise be covered under the policy. The policyholder must pay an additional premium for this coverage.

P

Peril — A specific risk or cause of loss covered by an insurance policy, such as a fire, windstorm, flood, or theft.

Personal Property — All tangible property (other than land) that is either temporary or movable in some way, such as furniture, jewelry, electronics, etc.

Policy — The contract issued by the insurance company to the insured.

Policy Owner — The person or party who owns an individual insurance policy. This person may be the insured, the beneficiary, or another person. The policy owner usually is the one who pays the premium and is the only person who may make changes to a policy.

Policy Period — The period a policy is in force, from the beginning or effective date to the expiration date.

Premium — The amount paid by an insured to an insurance company to obtain or maintain an insurance policy.

Property Damage — Physical damage to property.

Property Insurance — Insurance that protects your dwelling and personal belongings in case of fire, theft, vandalism, etc.

Public Insurance Adjuster — An individual hired by a policyholder to negotiate a claim with the insurance company in exchange for a percentage of the claim settlement. Public insurance adjusters must be licensed by DIFS, use an approved DIFS form, and can only charge a maximum of 10 percent of the claim proceeds.

R

Rating Territory — The local area within the state where the dwelling is located. It is usually defined by zip codes.

Refund — An amount of money returned to the policyholder for overpayment of premium or if the policyholder is due unearned premium.

Reinstatement — The process by which an insurance company puts a policy back in force.

Renewal — Continuation of a policy after its expiration date.

Renters Insurance – Coverage for a renter's personal property against specific perils in a home or apartment owned by someone else. It also provides personal liability coverage and additional living expenses. Possessions can be covered for their replacement cost or the actual cash value, which includes depreciation. A renter's policy does not cover the house or apartment building or any detached structures.

Repair Cost — The cost necessary to replace, repair or rebuild damaged property to a condition similar to what it was before the damage, using contemporary materials. For example, plaster walls may be replaced with drywall.

Replacement Cost — The cost necessary to replace, repair or rebuild the structure or damaged property to its original condition with materials of the same kind and quality without deducting for depreciation but limited by the policy's maximum dollar amount. For example, a hardwood floor would be repaired or replaced with the same kind of wood.

Residual Market — Insurers, such as assigned risk plans and the Michigan Basic Property Insurance Association (MBPIA), which exist to provide coverage for those who cannot get it in the standard market.

Rider — A written agreement attached to the policy expanding or limiting the benefits otherwise payable under the policy; also called an "endorsement."

S

Surcharge — An extra charge added to your premium by an insurance company.

U

Underwriter — The person who reviews an application for insurance and decides if the applicant is acceptable and at what premium rate.

Underwriting — The process an insurance company uses to decide whether to accept or reject an application for a policy and what rate to charge.

NOTES

Notes

Notes

Department of Insurance and Financial Services
P.O. Box 30220
Lansing, MI 48909-7720
Toll-Free 877-999-6442

2015 Home Insurance Discounts by Company

Company	Multi-Policy	New Home	Protective Devices	Construction	Mature Homeowner	Group	Credit Based Insurance Score	Non-Smoker	Claims Free	Age of Dwelling
Allied Property and Casualty Ins. Co.	17%		2%-10%		20%	8%	2%-53%		44.4%	1%-30%
Allstate Indemnity Co.	25%	2-14%	5-15%	30%	15%	5%	0-71%		10%	0-37%
Allstate Insurance Co.	25%	0-10%	5-15%	30%	15%	5%	0-50%		10%	0-32%
Allstate Property & Casualty Ins. Co.	35%	2-10%	4-6%	30%	8%	5%	0-70%		20%	0-37%
Allstate Vehicle and Property Ins. Co.	0-25%	0-35%	0-15%	0%		5%	0-87.5%	0%	0-55%	0-86.6%
American Bankers Ins. Co. of Florida		5%	6%						5%	5%
American Family Home Ins. Co.					9%, 14%				20%	2%,5%,9%
American Modern Select			0-10%	10%			0-56%		10%	
American Reliable Ins. Co.			2-5%		5%				5%	5%
American Security Ins. Co.		2-20%	2-5%						2%	
Armed Forces Ins. Exchange		0-20%	2-23%	0--15%						
Auto Club Group Ins. Co.	10% ,15%, 20%	2-43%	2%, 5%, 8%		10%, 22%	2%	12-55%		21.6 - 27.6%	
Auto-Owners	12.94 - 14.39%	34.33 - 43.01%	1.32%	0 - 1.57%	0 - 2.90%	5%,10%	0 - 51.79%		80.28%	0-28.06%
Automobile Ins. Co. of Hartford, CT	10%	3-23%	2-20%							
Bankers Standard Ins. Co.	3%,10%	3-25%	2-10%	4-20%	5%		5-61%			3-25%
Central Mutual Ins. Co.	10-25%		1-13%	15%		5-10%	5 - 58%		5 - 7.5%	0.5 - 60%
Cincinnati Ins. Co.	20%	4%, 2%	5%,10%	5%	10%		13-67%		20%; 25%	1-43%
Citizens Insurance Co. of America	25%	1-40%	1-5%			1-28%	1-76%	1%		
Depositors Insurance Co.	2.9% - 25.9%		5-25%	23.80%	10%	8%	2.1 - 65.6%		51%	2.2% - 57.8%

2015 Home Insurance Discounts by Company

Company	Multi-Policy	New Home	Protective Devices	Construction	Mature Homeowner	Group	Credit Based Insurance Score	Non-Smoker	Claims Free	Age of Dwelling
Electric Insurance Company	15%	2-25%	2-13%			5-10%			10%	
Encompass Indemnity Company	0-41%	2-10%	2-15%	0-17%	5%	15%	0-75%	1%	15%	2-47%
Encompass Property & Casualty Co.	0-30%		2-15%	0%	5%	15%	0-89%	1%		9-44%
Farm Bureau General Ins. Co. of MI	15%	1-33%	2-15%	0-2.4%	7-30%		3-66%	5%	1-20%	
Farmers Insurance Exchange	2-12%	12-55%	1-4%	0-1%	23-39%	10%	0-78%	1%		4-55%
Federal Insurance Co.	5%,10%	1-24%	0-15%	3-17%					1-10%	1-24%
Fidelity and Deposit Co. of MD	5%	2-20%	2-13%	$10, $20		$10			0-68%	
Fire Insurance Exchange	5-15%		2-25%		4%	3%	0-78%	1%	50%	
Frankenmuth Mutual Ins. Co.	5%, 15%		5%, 15%	0-27.7%	0-20%	0-30%	0-50%		0-22.6%	0-29%
Fremont Insurance Co.	15%		2-16%	15%	10%	15%	15-50%	5%	1-5%	3-33%
Grange Insurance Co.	34%	47%	5%		0-17%		0-62%		3-15%	0-47%
Great Lakes Casualty Ins. Co.	4-22%	1-5%	1-14%		5%					
Great Northern Ins. Co.	5%,10%	1-24%	0-15%	3-17%					1-10%	1-24%
Harleysville Lake States Insurance	10%		2-13%	15%	5%, 10%	5-8%	17-55%		5%, 10%	2-20%
Hastings Mutual Insurance Co.	13.5 - 29.8%	1-25%	5%, 10%		8-38%		11.6 - 48.9%	2%		
Homesite Ins. Co. of the Midwest	10%	4-10%	5-10%	10-25%	10%		10.2 - 86.4%		2.4 - 87.8%	3.3 - 39.1%
IDS Property Casualty Ins. Co.	3-15%	10-60%	1-20%	3-15%			2-45%		5-25%	1-60%
Kemper Direct (formerly Unitrin Direct)	20%	2%, 4%, 6%	2%, 3%, 4%,7%		10%	10%, 25%				4-41%
Liberty Insurance Corporation	1-20%	1-82%	2-20%				1-97%		3-80%	

2015 Home Insurance Discounts by Company

Company	Multi-Policy	New Home	Protective Devices	Construction	Mature Homeowner	Group	Credit Based Insurance Score	Non-Smoker	Claims Free	Age of Dwelling
Liberty Mutual Fire Insurance Co.	2-10%	3-10%	1-16%				3-95%		4-68%	
LM Insurance Corporation	1-20%	1-82%	2-20%				1-97%		3-80%	
MemberSelect Insurance Co.	5-44%	0.8-35%	1%, 2%, 3%		10%, 15%, 20%	1%, 3%	11-78%		4.6-98.5%	
Metropolitan Property & Casualty Ins. Co.	10%		5-20%	15%	5-10%				5-10%	1-32%
Michigan Ins Co.	15-18%	38%	3-25%	7%	8-15%	10-22%	7-44%	1%	10-20%	3-38%
MutualAid Exchange	10%	0.5-40%	2-5%	6.4-15.8%					0-10%	
Northern Mutual Insurance Co.	15%		2-5%	0-15%	10%		0-61%			0-20%
Pacific Indemnity Insurance Company	5%,10%	1-24%	0-15%	3-17%					1-10%	1-24%
Pharmacists Mutual Ins. Co.	15-25%	5-40%	2-5%	5-10%			1-39%		59-67%	5-40%
Pioneer State Mutual Ins. Co.	15-17%	1-20%	1-5%		17-36%	2%	15-51%	3%	12%	
Praetorian Ins. Co.	5%	2-20%	2-13%	$10, $20	5%	$10			0-68%	
Privilege Underwriters Reciprocal Exchange	0-20%		0-44%	0-15%			0-22%			0-21%
QBE Insurance Corporation	5%, 10%	3-10%	2-13%	$10, $20	0-68.5%	$10			0-68%	0-53%
Safeco Insurance Company of America	2-18%	0-20%	2-7%				0-90%			
SECURA Insurance, A Mutual Company	5%		2-5%				0-50%			
SECURA Supreme Insurance Co.			2-5%				0-50%			
State Automobile Mutual Ins. Co.	25%		3-20%			17%, 20%				
State Farm Fire and Casualty Co.	35%	0-40%	0-17%	10%, 23%			0-25%		5-20%	0-40%
Travelers Indemnity Company of America	10%	3-23%	2-20%							

2015 Home Insurance Discounts by Company

Company	Multi-Policy	New Home	Protective Devices	Construction	Mature Homeowner	Group	Credit Based Insurance Score	Non-Smoker	Claims Free	Age of Dwelling
Trumbull Insurance Co.	0-23%		0-10%		1-4%	2-34%				
Vigilant Ins. Co.	5%,10%	1-24%	0-15%	3-17%					1-10%	1-24%
Westfield Ins. Co.	25%	1-35%	2-13%	15%	15%	4-15%	0-77%		15%	1-35%
Wolverine Mutual Insurance Co.	22%		2-15%	30%	5-15%		6-54%		6%	1-25%

April 2015