H0 - Eligibility Requirement

⇒ owner-occupied dwelling does not contain more than 2 families

Separate H0 policies exist for renters (H0-4) and condo owners (H0-6)

H0-1 Basic Policy - limited coverage, seldom used

H0-2 Broad Form - Named perils policy insures dwelling, apartment, structures, personal property

Covered perils - fire, lightning, windstorm, hail, explosion, additional living expense
Ho-3 (Special Form) Widely Used

Observe: Dwelling, apartment Structures on
an all-risk basis

Loss paid on full replacement cost

Personal Property Covered for same broad form
policies as Ho-2

Ho-4 Designed for tenants who rent

Covers personal property

Provide liability coverage

Covers partially any improvements up to
10% of personal property coverage.
HO-6 Condo Units Owners / Cooperative Apt. Policy

Covers Personal Property for same named perils as HO-2
Min. $4,000 covers on certain property such as built-in appliances, wallpaper etc.

HO-8 Modified Form

Covers loss to dwelling, apartment structure based on actual required to repair or replace using Common Construction methods
HO insurance  Section I

Section I - Covers property of the insured e.g. home, condo, other structures personal property

Section II - Personal liability insurance for named insured/family members

Also includes medical exp. Coverage for medical costs incurred by others injured by insured or animal owned by the insured.

Forms drafted by ISO in 1994

Package Policy - Combines 2 or more separate coverages into 1 policy.
Section I  Coverage

Cov. A  Dwelling
Cov. B  Apartment Structure
Cov. C  Personal Property
Cov. D  Loss of Use

Additional Coverage

Coverage A  Dwelling & any other structure attached to dwelling

Ex Coverage excludes land

Materials onsite for construction are Covered
Cov. B Other Structures

Detached garage, pole barn, horse stable

And if coverage on B depends on the coverage with A:

10% Cov. A = Cov. B.

3 major exclusions

1) Does not apply to land

2) Does not include coverage if structure used for business

3) No coverage if the structure is rented out.
Cov. C  Personal Property

Personal Property owned or used by the insured

⇒ Worldwide

Can be extended to personal property of a
Guest/resident employee

50% Cov. A = Cov. C

Cov. Anywhere, no one exception
⇒ property located off premise

Cov. is limited to
10% Cov. A or $1,000 whichever is greater
Cov. D Loss Of Use (Indirect Loss)

\[ 20\% \text{ Cov A} = \text{ Cov D} \]

1. **Additional Living Expense** → increase in living expenses actually incurred by the insured to maintain normal standard of living for the insured.

2. **Fair Rental Value** → rental value of that part of the premises rented to others.

3. **Prohibited Use:** If civil authority prohibits insured from using the property because of direct damage to neighborhood due to some insured peril.
Special Limits of Liability
Due to moral hazard; loss adjustment problems
E.g. $200 limit on money, coins
$1,000 limit on Securities, Valuable papers
Theft of jewelry, furs - $1,000 limit

If you have Valuable items - they need to be scheduled

Property Not Covered
1. Articles separately described & insured
2. Animals, birds, fish
3. Motor Vehicles, motorized land conveyance
4. Aircraft & parts
5. Property of Boarders
6. Property in a regularly rented apt.
7. Rented property
8. Business records
**Additional Coverage:**

Debris Removal - All reasonable expenses associated with removing debris from the covered property.

E.D. Volcanic Ash, Tree removal.

Reasonable Repairs - To protect the property from further damage, cost of boarding, broken windows.

Trees, Shrubs, & Other Plants.

Covers these items for a limited number of perils: fire, lightning, explosion, riot, Civil Commotion, Vandalism, theft.

It does not include windstorm damage.
Credit Card, ATM Card, Forger

Stolen Credit Card, Debit Cards are covered up to $500 if insured unknowingly accepts counterfeit money - Coverage is provided up to $500.

Loss Assessment - Coverage up to $1,000 for any loss assessment charged the insured as a member of collective owned piece of property. However, coverage is dependent on an insured peril —
Collapse - Covered only if loss is caused by
① Peels smooth under CoV.C
② Hidden Decay
③ Hidden Insects / Vermin
④ Weight contents, equip, animals or people
⑤ Weight of rain on roof
⑥ Use of defective materials - of collapse occurs during construction

Glass or Safety Glazing Materials
Breakage of glass or safety glazing part of covered building, storm door/window
Also covers damage to property from defective loss breakage of window
e.g. Baseball thrown window, glass chards
Damage lamp - lamp is covered.
Landlord's furnishings
up to $2,500 for loss of named insured's furnishings in rented residential premise.
All perils under C with the exception of theft.

Ordinance laws
Oct 1994 250 endorsement covers
increased cost (up to 10% premium) of
reconstruction due to change in code.

Deductible
$250 deductible applies to each covered loss — however, by increasing premium
you can reduce the deductible (to $100).
Section I: Perils Insured Against

Dwelling & Other Structures
Risk of Direct Loss to Property / All Risk
Exclusions / with exception / exclusion

Excluded losses:

1. Collapse - except those covered specifically under additional coverage
2. Freezing - not covered while building is Vacant unless water supply is shut off; pipes drained
3. Fence, pavement, patio - damage not covered if caused by freezing, ice/water pressure
4. Dwelling under construction - theft not covered
⑤ Vandalism / Malicious Mischief
   not covered if the building is
   Vacant for more than 30 days prior
   to loss

⑥ Other exclusions

Wear & tear
Inherent Vice - latent defect on property
Smog, rust, mold
Smoke from agricultural / industrial operations
Release, discharge pollutants unknown
Discharge is covered in C.
Settling or cracking Concrete
Bugs, Vermin
Animals owned or kept by the insured
⑦ Losses excluded under Section I related to perils — Cause of loss.

Personal Property

Coverage C — named perils basis

Fire or Lightning

Causes direct physical loss to property from fire or loss

Fire/Lightning must be the proximate Cause of loss

Proximate Cause — there is an unbroken chain of events between the occurrence of a covered peril and damage or destruction of the property.
Nowhere in the policy is the term fire defined.

⇒ Court Decisions

Characteristics

1. There must be combustion or rapid oxidation that cause a flame or at least a glow

2. The fire must be hostile or unfriendly

Windstorm / Hail

This set of perils are covered. However, damage to the interior of the building due to rain, snow, sleet, or dust is not covered unless there is an opening in the roof. E.g., window left open - loss not covered.
Explosion - Broad Coverage is provided
   e.g. furnace explosion that damage personal property.

Riot / Civil Commotion: Covered, each stake defines the meaning of riot
   Civil Commotion - large or sustained riot
   that involves an uprising by citizens.

Aircraft - including damage from self-propelled missiles/spacecraft
   Vehicle - e.g. personal property damaged in an auto accident
Smoke - Sudden: Accidental damage is covered.

E.g. fireplace malfunction - smoke damage to the living room.

Vandalism or Malicious Mischief

⇒ Someone enters home to destroy it.

Theft

- Theft loss, attempted theft, loss of property when it is likely the property has been stolen.

- Theft by the insured - excluded

- Theft in or to a dwelling under construction

- Theft from any part of premises rented to someone other than an insured is not covered.
Exclusions - Away from Premises

1. Secondary Residence
   45 day Vacancy Rule

2. Watercraft

3. Trailers & Campers

Falling Objects - Damage to personal property from falling objects is covered.

Weight of ice, snow or Sleat - do Covered
  e.g. Weight of Snow on roof - cause it to collapse
Accidental Discharge or Overflow of Water/steam

Loss results from an accidental discharge or overflow of water/steam.

E.g., Dishwasher malfunction

Cost of repairing system or appliance is not covered.

Sudden/Accidental Tearing Apart – Hot Water System – if any of these perils cause damage to personal property – it is covered.
Sudden/Accidental Damage from Artificial
Generated Current

\[ \Rightarrow \text{Electric Power Surge} - \text{os. } \text{Dr. Dryer.} \]

Loss to tubes, transistors, electric components
is not covered

Volcanic Eruption - Also Covered. However,
losses caused by earthquakes, land shock
waves, tormes are excluded.
Section I  Exclusions
Ordinance / Law - exclude loss due to any ordinance / law
Condemnation
Earth Movement, Water Damage, Flooding
Power Failure (except if failure caused by an insured peril)
Neglect, War, Nuclear Hazard
Intentional Loss, Malice
Weather Conditions - (proximate cause, excessive rain not an insured peril)
Section I Conditions

Assurable Limit: Extent & Coverage

Duties after loss:

Immediate Notice
Protect Property
Prepare Inventory
Exhibit Damaged Property
File Proof of Loss within 60 days after insurer's request

Loss Settlement

Personal Property settled on basis of Actual Cash Value
Other Methods -

Cost to Repair/Replace
Valued Policy Disclosure
Insurable Interest

Replacement Cost Limitation:

If insurance is less than 80% of replacement cost, the insured receives the larger of:

1. Actual Cash Value

2. \( \frac{\text{Amt. Ins. Covered} \times \text{Loss}}{80\% \times \text{Replacement Cost}} \)
Appraisal Clause.

Selection & Disinterested Appraisal

Other Insurance - Proportionate Loss Sharing

Insurer's Option - Insurer may decide appropriate means of settling the claim within the scope of the settlement.

Loss Payment - Insurer must pay named insured unless otherwise specified in the policy.

One exception: Mortgage Clause

Sets up third party interest in The Contract. (mortgagee)
Section I/II Conditions

Period of the Policy

Concealment or fraud — give grounds for voiding policy

Liberalization Clause — broader coverage

Applicable if offered to Extra premium

Within 60 days

Waiver — language provision

Cancellation — pro-rata provision

Vs return of premium less expenses.