

MY INSURANCE DOESN'T COVER WHAT?

Avoid surprises by understanding your homeowners insurance policy

Department of Commerce & Consumer Affairs
Insurance Division



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The State of Hawaii Department of Commerce and Consumer Affairs (DCCA) is a regulatory agency that promotes a strong and healthy business environment by upholding fairness and public confidence in the marketplace. The department also strives to increase knowledge and opportunity for businesses and individuals, and to protect consumers against unfair and deceptive business practices.

The DCCA Insurance Division oversees the insurance industry in the State of Hawaii. Its regulatory functions include: issuing licenses, examining the fiscal condition of Hawaii-based companies, reviewing rate and policy filings, and investigating insurance-related complaints.

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. The NAIC's website is a great source of consumer information at www.naic.org.

This guide was created to equip you with information to better prepare for an emergency and understand what may or may not be covered by their insurance policy or policies. Learn how to protect your biggest investments.

1 MY INSURANCE DOESN'T COVER WHAT?

An insurance policy for your home or apartment is supposed to provide a sense of security. But before you get too comfortable, take time to speak to your agent or insurer to understand what's covered and what's not in your homeowners or renters policy. Don't make any assumptions.



COMMON MISCONCEPTIONS

“Flood damage is covered by a standard homeowners insurance policy.”

Flood insurance is not covered as part of standard homeowners and renters insurance policies. If you want to be covered for flood damage, you'll have to purchase coverage specific to flooding.

Even if a car is parked in your home garage during a flood event, flood damage would only be covered with comprehensive or other-than-collision coverage.

“Homeowners insurance only covers the structure.”

A typical homeowners policy pays claims for damage caused by certain events to your home, garage, other structures on your property, as well as your personal property or contents. In contrast, renters insurance only protects your personal property. Both homeowners and renters insurance offers protection against liability for accidents that injure other people or damage their property.

“I'm covered under my landlord's insurance.”

Never assume that the landlord's insurance covers you or your belongings. Landlord's insurance only protects the building.

“Renters insurance is too expensive.”

The average renters insurance policy costs between \$15 and \$30 per month. Replacing your possessions, finding another place to stay during repairs, or being liable for an accident on your premises could cost much more.

“Insurance is a waste of money, you should only purchase the minimum required.”

Homeowners or renters insurance is not mandatory but can help protect you from a financial catastrophe if a disaster were to occur. Without insurance, you could pay hundreds of thousands of dollars out of pocket to repair or replace your home.

Always shop around and compare the costs of coverage from different insurers to get the best value.

UNDERSTANDING YOUR POLICY

A standard homeowner or rental insurance policy contains four parts:

- declarations page
- insuring agreement
- exclusions section
- general conditions

A standard homeowners or renters policy generally provides coverage for either the actual cash value or replacement value of your property with standard building materials. After a loss, you will have to pay your deductible as outlined in your policy.

There are different types of coverages under a standard home or renters policy. Renters insurance is different from homeowners insurance in that rental policies only insure the contents, not the structure. Policies vary from company to company, so be sure you read and understand yours.

REVIEWING YOUR POLICY

Re-evaluate your risk profile at least once a year to ensure your existing homeowners policy provides the protection you and your family need. Plan to review your policy at the same time each year. Ask yourself:

- *Am I not at risk? Are earthquakes, floods, wildfires or other disasters now a threat?*
- *What has changed in my home? Did the number of people (and belongings) increase or decrease? Have I made any major purchases?*
- *Have I updated my home with a kitchen renovation, new security system or other improvements?*
- *Should I be looking at different coverage? Can I save money by bundling my home and auto insurance?*
- *Do I have a home inventory?*

PREMIUM COMPARISON GUIDES

Check out the Insurance Division's annual *Premium Comparison Guides* available online at cca.hawaii.gov/ins/resources/.

This is a free resource that helps to compare rates, explore coverage options and save money on your homeowners, condominium unit owners, renters, and motor vehicle insurance.

A Consumer's Guide to Homeowner's Insurance in the State of Hawaii

GENERAL INFORMATION

Homeowner's insurance is not required by law in Hawaii. You decide, however, may require insurance on your home for the duration of your mortgage. Homeowner's insurance provides protection for your investment in your home and the contents of your home. It also provides protection for your liability. Homeowner's insurance also provides protection for your liability. Homeowner's insurance also provides protection for your liability.

TYPES OF HOMEOWNER'S INSURANCE POLICY FORMS

Which coverage descriptions may vary, most insurers use one or more of the following policy forms. Comprehensive Form (HO-5) not listed, provides the broadest coverage but is uncommon.

| BASIC FORM (HO-1) | SPECIAL FORM (HO-2) | OPEN PERILS COVERAGE | RENTERS' POLICY FORM | UNITOWNER'S POLICY FORM |
|--|--|--|--|--|
| Named perils coverage. The following perils are covered: fire, lightning, explosion, windstorm, hail, theft, vandalism, malicious mischief, damage to vehicles, aircraft, and other objects, and (under certain conditions) damage to water and sewer lines. | In addition to the Basic Form (HO-1) coverages, this form also covers: fire, lightning, explosion, windstorm, hail, theft, vandalism, malicious mischief, damage to vehicles, aircraft, and other objects, and (under certain conditions) damage to water and sewer lines. | Open perils coverage includes the following: fire, lightning, explosion, windstorm, hail, theft, vandalism, malicious mischief, damage to vehicles, aircraft, and other objects, and (under certain conditions) damage to water and sewer lines. | This policy provides named perils property protection against the same perils as the Basic Form (HO-1) and includes personal liability protection under the other policy forms. The renter's policy also includes coverage for the renter's liability. | This comprehensive form provides the broadest coverage for the unitowner. It covers the structure, contents, and liability. It also covers the unitowner's liability for damage to the common areas and grounds and the unitowner's liability. |

POLICY COVERAGES

Every homeowner's policy (except for HO-4) includes the following coverages. If your policy's standard coverage is inadequate, endorsements may offer specialized coverage to meet your needs.

- Coverage A:** Covers total house damage. The coverage limit is generally set at or near the replacement cost of the home. For Condominium Unit Owners (HO-5), limit usually the declared value by insured.
- Coverage B:** Covers damage to other structures on the lot, such as detached garages, porches, and storage sheds.
- Coverage C:** Covers damage to or loss of personal property.
- Coverage D:** Covers additional living expenses incurred by the insured to maintain the "normal" standard of living while the home is uninhabitable due to a covered loss.
- Coverage E:** Covers personal liability exposures. Protects against a judgment resulting from covered acts & non-covered acts by the insured or family members or other persons (other than you or your family) who are covered by your policy.

TYPES OF VALUATION

Replacement cost is the amount necessary to replace, rebuild, or repair your home/property without deducting for depreciation. Depreciation is the decrease in an asset's value due to age, disuse, obsolescence, and/or wear and tear. They require regular appraisals to insure that homes for at least 80% of the replacement value.

Actual cash value (ACV) is the cost to replace, rebuild, or repair your home/property after deducting for depreciation. Most homeowner policies cover personal property on an ACV basis.

Medical equipment replacement (covered by insuring):

Your premium may be based on, but not limited to, the following factors: type of construction, loss prevention devices, public assistance class, deductible level, amount of insurance, and policy form.

BUYING INSURANCE FOR YOUR HOME

The first step in buying insurance is identifying your desired deductible levels, coverage limits and providers before getting premium quotes. Once you have policy proposals and decide the policy you want to buy, you should be on an "agents to agent" competitive basis. After obtaining multiple premium quotes, your personal preference dictates the importance of the following considerations: the premium cost, service and financial stability. Generally, financial ratings from reputable sources (e.g., A.M. Best and Moody's) indicate an insurer's company's financial "health" and ability to pay claims. Note: If your agent only represents one insurance company, you may need to contact an independent agent to obtain competing quotes.

2 HOME INVENTORY

ARE YOU PREPARED?

More than half of Americans don't have a list of their possessions according to a National Association of Insurance Commissioners (NAIC) survey.

Without an accurate inventory, you may not have the right home or rental insurance coverage. Because needs change, you should create an inventory of your possessions every year. Without this checklist, you may forget to claim items lost due to fire or another covered event. Create one to catalog your personal property and include photos or video of each room.



The NAIC offers the myHOME Scr.APP.book app to help you capture images, descriptions, bar codes and serial numbers of personal possessions and stores the information electronically for safekeeping.

The app organizes information by room and creates a back-up inventory for email sharing. This is a great option to have an inventory that is in a safe, separate and accessible location.

Be sure to share the inventory with your agent or insurer. Periodically update the list as you acquire new things.



3 THEFT

I'M COVERED IF SOMEONE BREAKS IN AND STEALS MY STUFF, RIGHT?

Most standard homeowners and renters insurance policies cover items that have been stolen (up to your policy limits). Most basic home insurance policies have standard limits for big ticket items like electronics or sporting equipment.

Be aware that certain categories like jewelry, antiques, art and other items often have limits as well. If valuable items exceeding those limits are stolen or damaged and you don't have coverage for them, you may receive payment far less than value. Talk to your agent or insurer to discuss limits and special coverage.

If your children are college students, enrolled in classes and living in on-campus housing, your homeowners policy may extend to their belongings they take with them. Personal property stolen from a dorm room or even while studying, such as a laptop stolen while at the library, may be covered.



4 FIRE

WHAT IF THERE'S A FIRE?

A typical policy will issue payment to replace or repair anything inside the home damaged by flames, smoke, soot, and ash. While fire and lightning are usually covered, don't be surprised if your insurance company asks for an inventory. The company is only required to pay for personal property you can prove you owned at the time of loss. Make sure you're prepared.



WILL MY HOMEOWNERS POLICY COVER DAMAGE FROM LAVA?

Each company's policy is different and homeowners should contact their insurer to review their specific policy coverage. If heat generated by a lava flow caused a fire that damaged your home, then those damages may be covered as a fire peril under most standard market policies. If time permits, mitigate the amount of damage by removing as much as possible from your home. Even if your home is not damaged, the lava flow may cut off access to homes, businesses and belongings.

DOES INSURANCE COVER EXPLOSIONS?

Standard homeowners and rental policies will cover damage caused by explosions due to causes such as a gas leak. However, if an act of terrorism causes an explosion, the damage will not be covered. Likewise, if your neighbor is experimenting with unauthorized chemicals, damage to your home will be covered. However, if you are doing such an act, damage to your home will not be covered.



5 FLOODING

MY PLACE FLOODED, NOW WHAT?

Homeowners and renters insurance **generally do not offer protection against flood losses**. Check your policy's exclusions; it will probably be listed under "water damage."

Flooding includes any water or mud moving or accumulating on the outside of the home and finding its way inside. You should consider flood insurance even if you don't have waterfront property as flooding can happen anywhere.

Flood insurance is available under a separate policy through the National Flood Insurance Program (NFIP). Private insurers may also provide primary and excess flood coverage in Hawaii.



Water damage inside your home caused by improper maintenance may not be covered. You can mitigate your risk by regularly inspecting your home for signs of leaks, musty odors, and dampness around pipes and appliances that use water. You can also install a smart water sensor that alerts you to potential leaks similar to a fire alarm.

If you suffer from any damages after a flood event, contact your insurance agent or company first. Inform them of any damages and see what may be covered. Your policy might require that you make the notification to your insurance agent or insurer's claim hotline within a certain time frame.

Remediation efforts could help reduce the severity of damage to your property as well. Opening windows, utilizing fans, and drying off as much as you can as soon as possible will help to reduce the chance of mold. Be cautious of foundational damage, and if outside, stay away from moving water.



WHAT ABOUT FLOOD DAMAGE TO MY CAR?

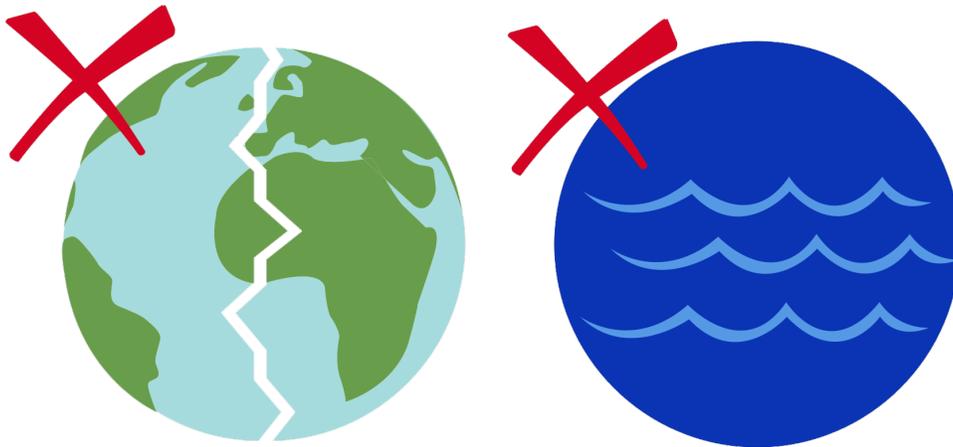
Your homeowners or renters insurance wouldn't cover any damages to your car regardless if it was parked on your property or in your garage. Motor vehicle insurance may cover it if you have comprehensive or other-than-collision coverage. This is separate from the required coverages you need to legally drive your car.

Comprehensive coverage pays, subject to your deductible, for losses to your car caused by theft, fire, windstorm, flood, falling objects, and vandalism. However, it does not cover personal property that is lost or damaged in your vehicle. Comprehensive or other-than-collision coverage is limited to the value of your car at the time of the accident or loss. Ask your agent or insurer if this coverage is right for you.

6 NATURAL DISASTERS

WHAT ABOUT NATURAL DISASTERS LIKE EARTHQUAKES, TORNADOES AND HURRICANES?

Damage caused by earthquakes is not usually covered in a standard homeowners or renters policy. If you want earthquake coverage, you need to purchase it separately. Earthquake insurance will only cover you for what is stated in the policy. It will not replace everything you lost.



Hurricane insurance can supplement home insurance by covering wind-related damage associated with hurricanes, which can bring heavy rains, strong winds, flying debris, and tidal surges. Just remember that homeowners and hurricane insurance do not cover most instances of flooding even during a storm. Flood insurance applies when water seeps or rushes into a home or structure during a storm.

Hawaii residents should consider flood and hurricane insurance. A flood insurance policy purchased through the NFIP has a waiting period of 30 days before it takes effect, so act now.



WHAT TYPE OF DAMAGE IS COVERED UNDER MY HOMEOWNERS POLICY VERSUS A POLICY THAT COVERS HURRICANES?

The language contained inside the policies outlines what triggers a hurricane policy to become effective.

Most companies have a “72-hour clause.” This means that once a hurricane “watch” or “warning” is issued by Central Pacific Hurricane Center of the National Weather Service, damage sustained during the 72-hour period following the issuance of the watch or warning should be covered under a policy that covers hurricanes. Even if the hurricane did not make landfall, damages occurring within the 72-hour period would still most likely fall under a hurricane policy. Similar to flood insurance, some policies that cover hurricanes may have waiting periods before they take effect.



Policyholders should talk with their agent or insurer to find out the specific language in their policy that references when a hurricane policy will be triggered.

WHAT'S THE DIFFERENCE BETWEEN A HURRICANE WATCH AND WARNING?

TROPICAL STORM OR HURRICANE WATCH

The National Weather Service issues a tropical storm or hurricane watch for an area

48 hours

prior to when it expects hurricane or tropical storm conditions to materialize.

TROPICAL STORM OR HURRICANE WARNING

The National Weather Service issues a tropical storm or hurricane warning for an area

36 hours

prior to when weather conditions for a tropical storm or hurricane are expected.

During a watch, tune into NOAA Weather Radio All Hazards, local radio, or television for information and conduct outside preparedness activities.

During a warning, complete storm preparations and immediately leave the threatened area if directed by local officials.

7 PREVENTATIVE MEASURES AND ACTIONS

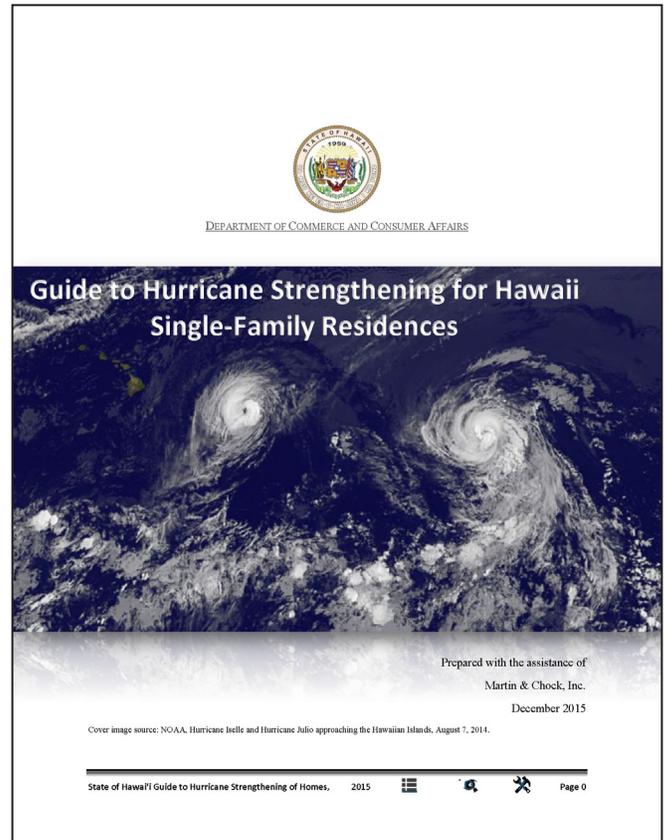
CAN HOMES BE BETTER PROTECTED AGAINST WIND DAMAGE?

Yes, there are hurricane clips for roof to wall connections, window opening protective shields, and roof to ground tie down systems. Some insurers provide premium credits or discounts for these types of retrofits.

Learn more on what you can do to protect your home before the next hurricane season. The **Guide to Hurricane Strengthening of Hawaii Single-Family Residences** provides techniques with drawings and references for strengthening existing homes. The guide was produced by engineers at Martin & Chock for the Hawaii Hurricane Relief Fund. Learn about installing hurricane-resistant roofing components, connectors to walls and foundations, and hurricane safe rooms.

Guide to Hurricane Strengthening of Hawaii Single-Family Residences

Find the guide online at cca.hawaii.gov/ins/resources/.



IS THERE ANYTHING I CAN DO TO FURTHER PROTECT MY FAMILY AND HOME?

Before a storm or incident takes place, consider the following tips:

- Review your policy and coverages. Re-evaluate your risk profile at least once a year to ensure your existing homeowners policy provides the protection you and your family need. Plan to review your policy at the same time each year. Note additional coverage you may need including flood and hurricane.
- Take steps to mitigate some of the potential damage to your home from natural disasters. Begin with a survey of your home and the area around your home to identify objects like yard debris that could compound damage to your home in high winds or under threat of wildfire.
- If you need to evacuate your home, turn off all utilities and disconnect appliances to reduce the chance of additional damage and electrical shock when utilities are restored.
- Keep a readily available list of 24-hour contact information for your insurance agent and insurance company. Make a list that includes your policy numbers, your insurance company and insurance agent's phone numbers, website addresses and mailing addresses. Also, check to see if the company or your agent has set up an emergency information hotline in case of storm damage. It is a good idea to store this information, and a home inventory, in a waterproof/fireproof safe or a safe deposit box. Also consider sending an electronic copy to someone you trust. If you have to evacuate your home, you want this information to be easily available to you.
- Take inventory (photos or videos) of property and belongings. A home inventory can be invaluable when deciding how much insurance your life situation requires to adequately insure your home in the path of a natural disaster.
- Ensure the safety of yourself and family. Identify what shelters may be available and prepare an evacuation plan. Choose two meeting places: one right outside your home in case of a sudden emergency, such as a fire; and one outside your neighborhood in case you can't return home.

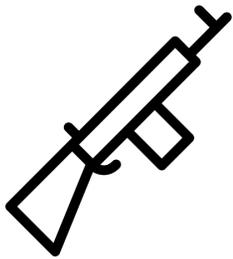


8 WHAT ISN'T TYPICALLY COVERED

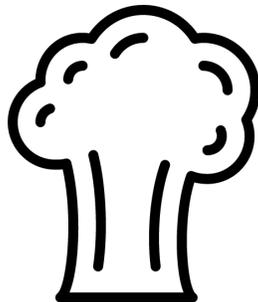
WHAT ELSE ISN'T TYPICALLY COVERED BY HOMEOWNERS INSURANCE?

Other perils that are not usually covered include: war, nuclear accident, landslide, mudslide, sinkhole and any others listed in your policy. The type of coverage varies based on the insurer.

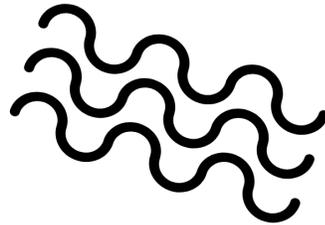
war



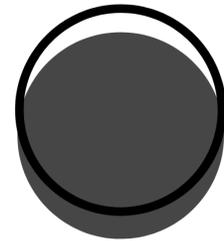
nuclear accident



landslide
mudslide



sinkhole



Review your policy to see what is specifically included and excluded in your coverage.

Speak with your agent or insurer before a storm hits or an incident occurs to get a better idea of what type of coverage you have, the potential out-of-pocket expenses that might be incurred, and to purchase additional coverage you may need such as earthquake, flood, sewer backup and other coverage additions. Don't wait until it's too late.

earthquake



flood



sewer backup



Another loss not typically covered is damage due to normal wear and tear. Insurance is meant to protect against unforeseen losses which means wear and tear is not commonly covered by standard homeowners, renters and motor vehicle insurance.

However, replacement cost coverage may be available. Replacement cost is the amount it would take to replace or rebuild your home or repair damages with materials of a similar kind and quality, without deducting for depreciation. Note that sublimits may still apply, read your policy and talk with your agent or insurer to gauge the additional cost and see if it's right for you.

9 THE CLAIMS PROCESS

WHAT SHOULD I DO IF I HAVE A CLAIM?

Residents that need to file a claim should:

- Check for damage. If possible, take photographs or video of the damage.
- Secure your property to prevent further damage (keep receipts for any materials used).
- Report your damage to your insurance company or agent (make a claim).
- If your home or condominium is uninhabitable, ask if your policy covers the cost of temporary/alternative housing.
- Submit proof of loss form or other claim forms if requested by your insurance company.
- Set damaged items aside for later review/inspection by your adjuster.
- Don't begin permanent repairs until damage is inspected by your adjuster or told to do so by your insurer.
- Work with your adjuster and contractor to estimate the cost of repairs.
- Receive settlement check and begin repairs.

There may be supplemental payments issued by your insurance company if additional damage is uncovered in the course of repairs.

Be careful of scams. Do not sign your entire claims check over to a contractor.

If the damage to your home is extensive and you have a mortgage, your claim check may list you and your lienholder as payees.



HOW DOES THE CLAIMS PROCESS WORK?

Don't let bills or receipts pile up. Call your agent or insurance company's claims hotline as soon as possible. Your policy may require you to make the notification within a certain time frame. Be certain to give your insurance company all the information they need when filing a claim. Incorrect or incomplete information will only cause a delay in processing your claim.

Once a claim is filed, the insurance company will assign a claims adjuster to assess the damage and determine the payment. We encourage homeowners to jot down notes and keep track of the dates of any conversations between the insurance agent and/or adjuster including the date, name and title of the person you spoke with, and what was said. Also keep a record of your time and expenses.



WHAT HAPPENS IF MY DEDUCTIBLE EXCEEDS THE AMOUNT OF DAMAGE TO MY PROPERTY AND BELONGINGS?

If the damage is estimated to be less than the deductible, the policyholder won't receive a check from the insurer and must pay for the repairs and/or replaced items out-of-pocket.

If the amount of damage exceeds the deductible, the insurance company will issue a check for the amount less the deductible. Policyholders do not need to come up with the money for the deductible to receive a payment from the insurance company.

It is important to review the deductible amount when a policy is purchased to ensure that this amount can be paid in the event of a disaster.



WHAT IF THERE IS A DISAGREEMENT ABOUT THE CLAIM SETTLEMENT?

If there are disagreements, ask the company for the specific language in the policy that is in question. Find out if the disagreement is because you and the insurance company interpret your policy differently. Don't be afraid to ask questions.

If this disagreement results in a claim denial, make sure you obtain a written letter explaining the reason for the denial and the specific policy language under which the claim is being denied. If an agreement isn't reached, consumers can contact the Hawaii Insurance Division.



STATE OF HAWAII
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Additional information available at,
naic.org and insureuonline.org.

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