

What Type of Homeowners Insurance Should You Buy?

As an owner of a condominium unit, you need to purchase what is known as an HO-6 policy. A condominium owner's policy provides coverage for certain building components within the interior of the unit not covered by the Association's Master policy and your furniture and personal property. This is known as Dwelling Coverage and Personal Property/Contents Coverage and it ensures that your damaged or destroyed property is protected up to the insurance limits you purchase. Your condominium owner's policy should also include Personal Liability coverage in the event that you are sued for accidentally hurting other people or damaging their property.

A condominium owner's policy provides coverage against such hazards as fire, lightning, windstorm, hail, explosion, collapse, smoke or vandalism. It also normally protects your property against practically every type of theft in your condominium. Also included is coverage for theft from your unattended car, even if there is no evidence of forced entry.

Most condominium policies offer special amounts of coverage for certain types of property. For example, \$200 for money and coins, \$1,000 for theft of jewelry, watches or furs, \$2,000 for theft of firearms and \$2,500 for business property at home. You can usually choose to increase these amounts if you like.

Every home is different. You may require special coverage for your individual needs. Some insurance companies will sell you endorsements to their basic policy that might include the following:

1. Broadened Coverage for Contents - provides “all-risk” protection for your possessions. This means that your personal property is covered in most situations, regardless of cause of loss.

2. Contents Replacement Cost - pays full cost to repair or replace most personal property in your condominium with no deduction for depreciation.

3. Valuable Items - provides higher limits and worldwide protection for special property such as jewelry, silverware, fine arts, furs, cameras, firearms, musical instruments and home computers for an extended variety of losses. No appraisal or listing of insured property is normally required.

4. Personal Liability Protection - Personal liability helps to cover the associated legal costs and damages in the event you are sued for bodily injury or property damage. Most condominium owner’s policies provide a minimum of \$100,000 of financial protection against liability claims and lawsuits brought by others for accidental bodily injury or damage to their property while in your condominium, caused by your personal activities (including sports) or caused by your children or pets.

Most policies will pay up to \$1,000 per person in medical bills, regardless of your legal responsibility when an accident involves bodily injury to others. Higher coverage amounts are normally available.

If your unit is damaged due to an insured loss and you have to move out while it is being repaired, your personal HO-6 policy might pay all necessary living expenses. This includes hotels, meals, laundry, etc. Some insurance companies will pay your actual expenses regardless of cost. Ask your personal agent about this important coverage.

Once you move into your new home you often make improvements. Additions, alterations and other improvements that have been made to your unit since the first owner moved in are not be covered by your Association's Master Insurance policy. For example if you or a previous owner installed new bathroom fixtures or upgraded kitchen cabinets and counter tops you must personally insure these through your own HO-6 policy. You are also responsible for insuring your floor, wall or ceiling coverings, regardless of who installed them or when they were installed. These include but are not limited to carpeting, hardwood floors, paint, wallpaper, ceramic tile, etc. Be sure to mention these changes to your personal insurance agent to determine how much coverage you need to purchase. Also make sure that your agent realizes that you live in a condominium. This will make a difference as to the type of insurance he or she sells you.

An HO-6 policy normally provides up to \$1,000 of protection against financial loss if damage to commonly owned property exceeds the amount of insurance coverage in the Master Policy (commonly referred to as Loss Assessment coverage). If your condominium association is forced to special assess all unit owners for the additional loss (or for personal liability claims against the association) this provision will pay on your behalf. You might want to discuss this coverage with your personal insurance agent to see if increased coverage might be warranted.

Please keep in mind that everyone has different insurance needs. Just because your neighbor has a certain type insurance it doesn't mean that that same policy or coverages will adequately protect you. Call your agent and discuss your insurance needs with him or her. This will be the only way you will know if you have the proper insurance that will protect you in the event of a loss.

Karyl Dicker Foray, CIRMS, CRIS, EBP
Rosenthal Brothers, Inc.- BKS
708-560-1248