

Louisiana Department of Insurance

Office of Consumer Advocacy & Diversity



Know Your Homeowners Insurance Policy 101

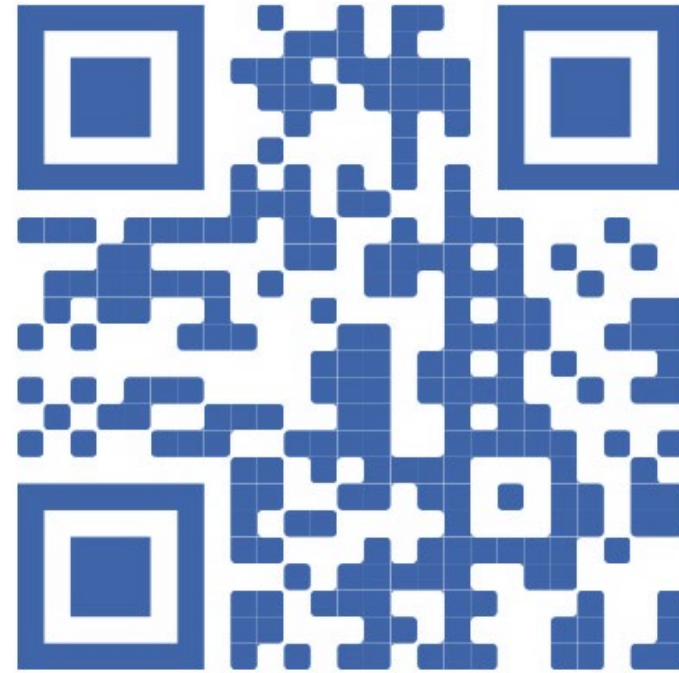
Mission Statement

The mission of the Department of Insurance is to enforce the insurance laws and regulations of the state impartially, honestly and expeditiously. To this end, the highest ethical, professional and work quality standards will be exercised in all formal and informal relationships with individuals, agencies and companies affected by the policies and actions of the department. It is the department's commitment to be the best insurance regulatory agency in the United States.



DISCLAIMER

The information in this presentation is intended to provide a general overview of the issues contained herein and is not intended, nor should it be construed, to provide specific legal or regulatory guidance or advice. If you have any questions regarding your policy, please contact your agent.



SCAN ME

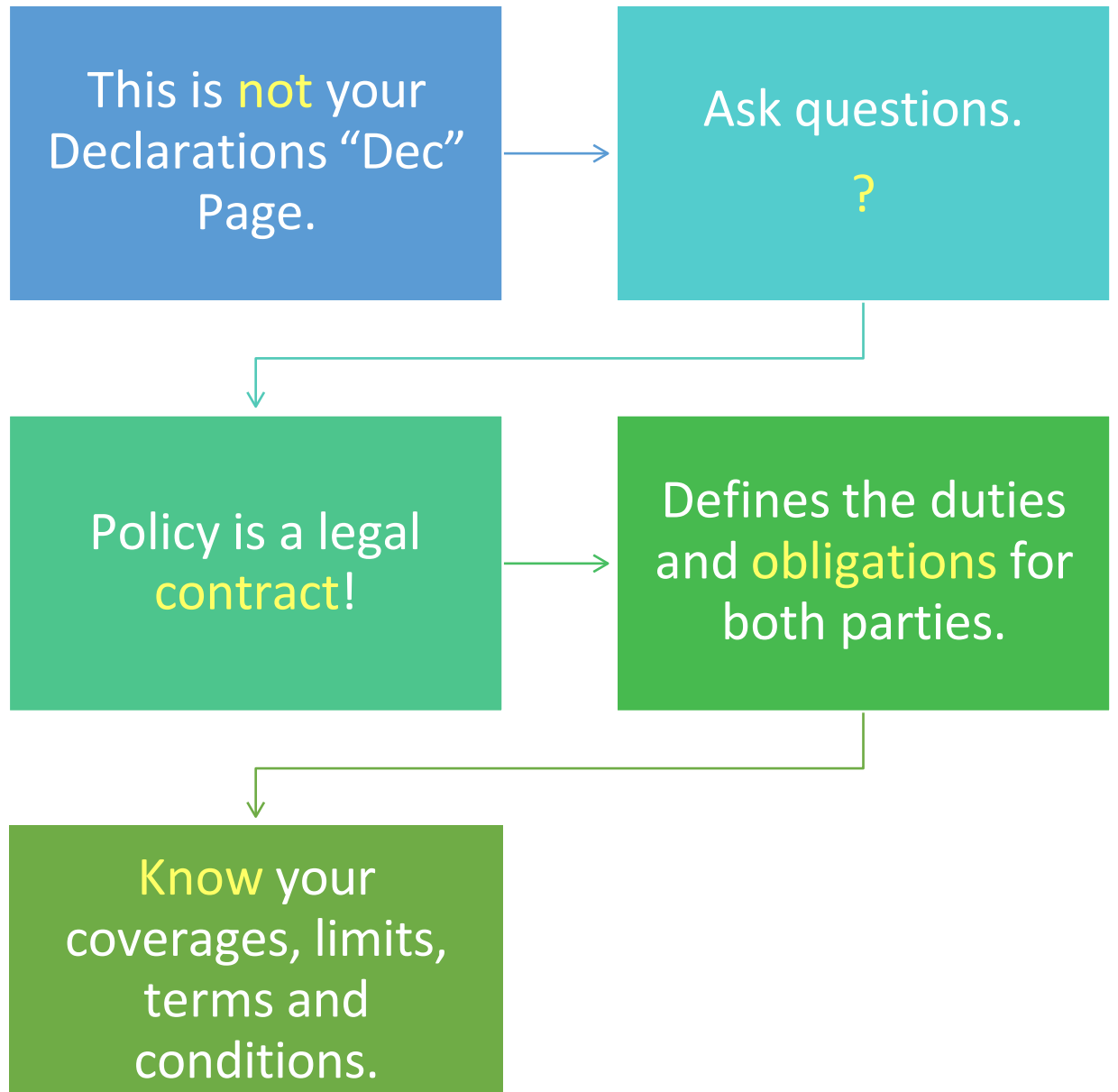
www.lidi.la.gov

Types of Homeowners Policies



First Things
First

Read and
Understand
What You Are
Purchasing



Declarations Page vs Policy

“Dec” Page

High level policy summary

Type of coverage

Amount of coverage

Discounts

Mortgage company

Additional insured

Not your complete policy

Policy

Detailed description of specific coverages

Damage or losses insured against

Includes your Dec Page

Endorsements

Exclusions

Terms and conditions

Legal document



HOMEOWNERS POLICY DECLARATIONS

**POLICY HOLDER
NAMED INSURED**

John Doe and Susy Doe
1427 Sample Drive
Anywhere, USA 40000

1

**INSURANCE COMPANY'S
CONTACT INFORMATION**

Intelligence Insurance
3055 Tulip Grove Court
Beachtown, USA 20028
1 423 999 0000

**AGENT/AGENCY'S
CONTACT INFORMATION**

Frank Stallings
2690 Pennsylvania Ave
Washington, DC 20011
1 202 111-2222

Policy Type: HO-3 - Standard Special Form

PROPERTY ADDRESS

1427 Sample Drive
Washington, DC 40000

INSURING AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable policy provisions

FIRST MORTGAGEE CONTACT AND MAILING

First National Mortgage Assn
C/O Mortgagee, Inc.
P.O. Box 5000
Businessstown, USA 13456

REPORTING A CLAIM

Insurance Intelligence Customer Care Center (1-800-000-0000)

Policy Period

Inception: March 30, 2020
Expiration: March 30, 2021

Policy Period Begins: 12:01 a.m. Standard Time

2

Section 1 - Coverages	Limits of Coverage
(A) Dwelling	\$450,000
(B) Other Structures	\$45,000
(C) Personal Property	\$225,000
(D) Loss of Use	\$90,000
Section 2 - Coverages	Limits of Liability
(E) Liability	\$300,000 Each Occurrence
(F) Medical	\$1,000 Each Person

3

Deductible = \$1,000

In case of loss under Section 1 and 2 we cover only that part of the loss over the deductible amount

Construction: Masonry Veneer

Year Built: 2010

Not more than 100 from hydrant

Not more than 5 miles from Fire Dept.

Pro Rata Additional Surcharges = 0

Forms and Endorsements

Safe Driver Discount

Senior Discount

Loyalty Customer

Bundle Package

Sprinkler System

Security System

4

Policy Premium = \$1,200

Declarations Page Example

ENDORSEMENT # AND NAME	HOMEOWNERS	DWELLING	CONDO	TENANT
HO-140 - Windstorm and Hail Exclusion	✓			
HO-142 - Exclusion of Residential Community Property Clause	✓		✓	✓
HO-205 - Office, Private School or Studio - Section II Liability	✓		✓	✓
HO-225 - Additional Premises Liability Coverage	✓		✓	✓
HO-301 - Additional Insured	✓		✓	✓
HO-382 - Condominium Loss Assessment Coverage			✓	
HO-400 - Limited Water Damage	✓			
HO-401 - Limited Water Damage			✓	✓
HO-802 - Replacement Cost for Dwelling	✓			
HO-803 - Replacement Cost for Personal Property	✓		✓	✓
HO-804 - Replacement Cost Coverage A (Dwelling), Except Roof Coverings	✓			
HO-806 - Windstorm and Hail Exclusion			✓	
HO-806B - Windstorm and Hail Exclusion				✓
HO-809 - Unit Owners Rental to Others			✓	
HO-810 - Specified Building or Animal Exclusion	✓			
HO-811 - Specified Animal Exclusion			✓	✓
TDP-001 - Windstorm and Hail Exclusion		✓		
TDP-003 - Exclusion of Residential Community Property Clause		✓		
TDP-017 - Fair Rental Value		✓		
TDP-810 - Specified Building Exclusion		✓		
TDP-820 - Cap on Losses from Certified Acts of Terrorism; Disclosure Pursuant to Terrorism Risk Insurance Act		✓		

Policy Endorsements

Changes to your policy, included in your new contract language

Coverages

- A Guide to Your Welcome Package
- Homeowners Policy
- Lists coverage terms and conditions.

Coverage*	Homeowners	NFIP Flood Insurance
Perils Insured Against	Dwelling: All Risk Contents: Named Peril	Surface water that affects your property and one other or 2 acres of dry land
Coverage Limits	Variable depending on coverage requirements	Dwelling limit: \$250,000 Contents limit: \$100,000
Settlement Recovery	Dwelling: Replacement cost Contents: Actual cash value, with replacement cost option	Dwelling: Replacement cost Contents: Actual cash value
Loss of Use	20% of dwelling coverage	No coverage
Basement Contents	Covered under contents limit for named perils	No coverage
Contents Outside Premises	10% of contents coverage	No coverage
Special Contents Limits	\$200 on money, \$1,500 securities, \$1,500 theft of jewelry, \$1,500 theft of furs, \$2,500 theft of firearms, \$500 business property	\$2,500 maximum for loss of jewelry, art, memorabilia, furs, business property
Decks	Covered under dwelling limit	Coverage for 16' square feet
Ordinance or Law Coverage	10% of dwelling limit	Up to \$30,000 for compliance with flood ordinances such as elevation, floodproofing, relocation or demolition
Loss Assessment Coverage	\$1,000	Included in dwelling amount
Loss Avoidance Coverage	No coverage	\$1,000 for sandbags, pumps, temporary levees



Limits of Coverage

- Agents advise on coverage limits.
- Limits based on costs to repair, replace or rebuild.
- Limits you choose affect your premium.
- Deductible you owe.
- Policy will pay up to the coverage limits.

CLUE REPORT

Clue Report

- (Comprehensive Loss Underwriting Exchange).

Previous claims

- Those filed by previous owners impact homeowners insurance premiums.

Definition

- Provides a home buyer with a detailed overview of any homeowners insurance claims that have been filed and made on a house.

Time frame

- Report covers the last seven years of claims.



Under the federal Fair Credit Reporting Act, you can request a copy of your C.L.U.E. report from LexisNexis toll-free at 1-866-312-8076 or by visiting consumer.risk.lexisnexis.com .

Coverage Limits Example

<i>Coverage</i>	<i>Limits of Liability</i>	<i>Applicable Deductible(s)</i>
Dwelling Protection	\$290,000	\$14,500 Named Storm/Hurricane (5%) \$5,800 Wind/Hail (2%) \$1,000 Other perils (Set amount)
Other Structures Protection	\$29,000 (10%)	
Personal Property Protection	\$217,500 (75%)	
Additional Living Expense	Up to 24 months not to exceed \$87,000 (30%)	
Family Liability Protection	\$500,000 each occurrence	
Guest Medical Protection	\$5,000 each person	
Building Codes	Not purchased*	
Roof Surfaces Extended	Included (Not older than 15-years old)	
Water Back-up	\$5,000	
Identity Theft Expenses	\$25,000 per period	



Search for Agents, Adjusters, Agencies and Appraisers

Choose a search type below. You may search using one or any combination of fields. To search for an individual, enter last name first followed by a comma and then the first name. Partial entries will yield more results.

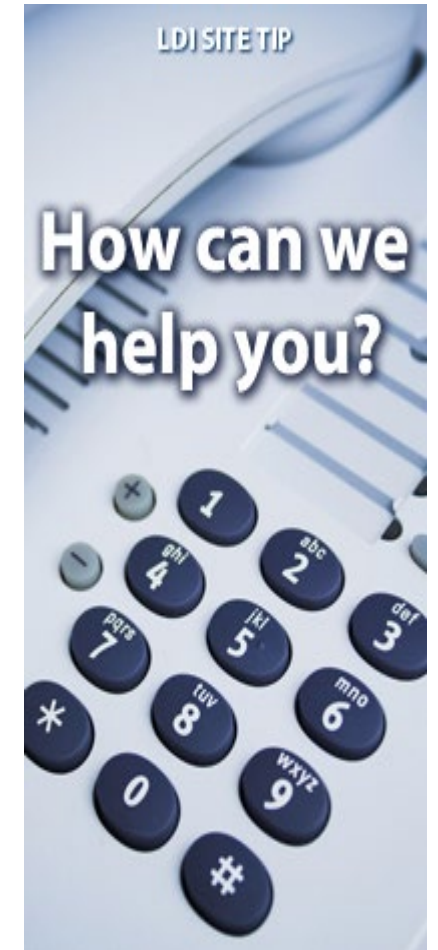
Search Type: **Name or Location**

Name:

City:

State:

Zip:



A

Dwelling



B

Other Structures



C

Contents



D

Loss of Use





Dog Breed



Home Business



Infestations



Flood



Building Codes



Mold



Neglect/Maintenance



Earth Movement

Exclusions



Jewelry



Artillery



Camera



Antiques



Silverware



Fine Art



Money



Computer

Endorsements/Schedule Personal Property



Hurricane

- LA Protects You During Catastrophic Hurricanes
- 22:1337 This Deductible Can Only be Applied **once** per Calendar Year Jan 1 to Dec. 31
- LA is the **ONLY** state that has this law on the books.
- Usually, 2 to 5 Percent of the **Value** of Your Home.

Wind & Hail

- Usually, 2 to 5 Percent of the **Value** of Your Home
 - Not the costs of damages.

HURRICANE/NAMED STORM/WIND & HAIL DEDUCTIBLE CALCULATION	
Insured Value of Home	\$100,000
2% Hurricane Deductible	\$2,000
SUB-TOTAL LOSSES	
Coverage A Dwelling	\$15,000
Coverage B Other Structures	\$2,500
Coverage C Personal Property	\$3,000
Coverage D Loss of Use	\$0
TOTAL LOSS	\$20,500
Claim Submitted	\$20,500
Less 2% Hurricane Deductible	\$2,000
NET CLAIMS PAYMENT	\$18,500

Homeowners Policies Do **Not** Cover Flood Damage



Hurricane Season Reminders

- **Review** your policy NOW!
- **Mitigate**
 - Trim your trees.
- **Plan**
 - Have material on hand to board windows.
- **Interview** agents to get multiple bids.
- **Verify** if your agent is captive or independent.

HURRICANE PREPAREDNESS GET AN INSURANCE CHECKUP

✓ **CHECK POLICIES NOW**
NOT WRITTEN WHEN STORMS FORM

✓ **FLOOD INSURANCE**
FLOOD INSURANCE IS SEPARATE

✓ **HOME & VEHICLE**
HAVE POLICIES FOR BOTH

✓ **TAKE THEM WITH YOU**
TAKE WITH YOU IF YOU EVACUATE

Build a Personal Go Bag

Copy of your
homeowner's
insurance policy.

Medical cards and
emergency contact
information.

Medicine, first aid
kit, copies of
prescriptions.

Birth Certificates,
deeds, keys to any
safe deposits.

Spare eyeglasses,
clothes, toilet
paper, personal
hygiene.

Flashlight, AM/FM
radio.

Batteries, power
banks.

Water, snacks, can
goods, can opener.

Map, and
Emergency cash.





Louisiana Litigation

SECTION II LIABILITY

Claims Payment Timeframes Required Notifications

Payment of Adjustment and Claims

R.S. 22:1892(A)(3)

- Except in the case of catastrophic loss, insurers have **14 days to initiate** loss adjustment.
- For cat loss, insurers have **30 days to initiate** loss adjustment.
 - Commissioner can approve an additional **30 days**. However, if an extension is needed; the commissioner must get approval by the Senate and House Committee on Insurance.
- In named storm situations, an insurer must pay residential property claims within **60 days** of receiving satisfactory proof of loss and for commercial claims within **90 days** of receiving satisfactory proof of loss.

The image shows a mobile application interface for 'CLAIM PAYMENT'. At the top, there is a user profile icon and the name 'H. Alan Davis'. Below this, the title 'CLAIM PAYMENT' is displayed in large, bold, teal letters. A progress indicator shows three steps: 1. Identify Verification, 2. Claim Details, and 3. Payment Options, with the third step being the current active screen. The main question is 'How would you like to receive your claim payment?'. There are five payment options, each with a corresponding icon and a button: 'Express Payment' (credit card icon), 'Bank Account' (bank icon), 'Venmo' (Venmo logo), 'PayPal' (PayPal logo), and 'Debit Card' (debit card icon). At the bottom, there is a section for 'Claim Information' with fields for 'Claim Number', 'Email', and 'Amount'.

Claims Payment Timeframes Required Notifications

Payment of Adjustment and Claims

R.S. 22:1892(K)(C)

- Establishes a “cure period”, giving the insurer an opportunity to pay the full amount that an insured claims he is owed before the insurer can be sued for bad faith penalties.

R.S. 22:1892(B)(1)(a)

- For a non- cat loss, insurers have **30 days to pay** claim after Satisfactory Proof of Loss.

R.S. 22:1892(A)(5)

- Insurers have **15 days** to provide an insurer a copy of the **field adjusters report**.

The image shows a mobile application interface for 'CLAIM PAYMENT'. At the top, there is a user profile icon and the name 'H. Alan Davis'. Below this, the title 'CLAIM PAYMENT' is displayed in a large, bold font. A progress indicator shows three steps: 1. Identify Verification, 2. Claim Details, and 3. Payment Options, with the third step being the current active screen. The main content area asks 'How would you like to receive your claim payment?' and offers five payment methods: Express Payment (with a credit card icon), Bank Account (with a bank icon), Venmo, PayPal, and Debit Card (with a credit card icon). At the bottom, there is a section for 'Claim Information' with fields for Claim Number, Email, and Amount.

Claims Payment Timeframes Required Notifications

R.S. 22:1897 (A)

- For a personal residential claim that arises due to a named storm or hurricane for which a state of emergency or disaster is declared pursuant to R.S. 29.724, and the insurer within a six-month period assigns a **third** or subsequent claims adjuster to be primarily responsible for the insurance claim.

The image shows a mobile application interface for a claim payment process. At the top, there is a dark teal header with a user profile icon and the name "H. Alan Davis". Below the header, the main title "CLAIM PAYMENT" is displayed in a large, bold, teal font. A progress indicator on the left shows three steps: 1. Identify Verification, 2. Claim Details, and 3. Payment Options, with the third step being the current active screen. The main content area asks the user, "How would you like to receive your claim payment?". There are five payment options presented as rounded rectangular buttons: "Express Payment" (with a credit card icon), "Bank Account" (with a bank icon), "Venmo" (with the Venmo logo), "PayPal" (with the PayPal logo), and "Debit Card" (with a credit card icon). At the bottom of the screen, there is a section titled "Claim Information" with fields for "Claim Number", "Email", and "Amount".

What are the most expensive mistakes you can make?

- Not knowing your **deductibles**.
- Not buying replacement cost **(RC)** coverage.
- Not having enough insurance to cover the total insurable value **(TIV)** of your home.
- Not filing **supplemental** claims.
- Not having **flood** insurance.



Know the Math

- Majority of people do not have their deductible.
 - Know your risk: Water & Wind
 - Prepare for the future. Set money aside to lower-cost expenses.
-
- ❖ Start a hurricane fund:
 - Open a savings account, allocate \$25.00 to \$38.46 per pay period, you could save \$650- \$1000 by the end of the year
 - Tax return
 - ❖ High yield savings account
 - ❖ Savings Bonds



ACV

VERSUS

RCV

UNDERSTANDING
ACTUAL CASH
VALUE AND
REPLACEMENT COST

UTMOST IMPORTANCE



ACV pays to replace or repair your home or personal items. Insurance **WILL SUBTRACT** money for age, wear, and tear
(EXAMPLE)

Hailstorm causes roof damage

Cost to repair roof

\$8,000

Deductible

\$1,000

Depreciation

\$1,000

\$6,000

Costs for Replacement Windows by Material



*Data based on research by HomeAdvisor, June 2022.

HomeAdvisor
POWERED BY **Angi**

RCV pays to replace or repair your home or personal items. Insurance **WON'T DEDUCT** money for age, wear, and tear
(EXAMPLE)

Hailstorm damages your roof

Cost to repair roof

\$8,000

Deductible

\$1,000

Depreciation/Recoverable

\$1,000

\$7,000

Did you remodel?



Did you get a dog?



Let Your Agent Know If...

Ways to Reduce Premium

Shop around.

Raise your deductible.

Don't confuse what you paid for your house with building costs.

Mitigate risks.

**Fortify.
Make your home more disaster resistant.**

**Bundle coverages.
Claim free.**

Improve home security.

Report Roof Replacement.

Your Responsibilities *Before* a Loss



Coverages Exclusions

Know what's **covered** and excluded.

Become

Become **educated** consumer.

TIV

Know Total Insurable Value (TIV)
Not Market Value.

Notify

Notify insurer of **improvements**.

Review

Review policy for **adequate coverage**.

Inventory

Take home **inventory**.

Maintain

Maintain property.



<https://content.naic.org/consumer/home-inventory>

NAIC
Home
Inventory
App



SCAN
ME

National Association of Insurance Commissioners
<https://content.naic.org/consumer/home-inventory>

Your Responsibilities *After* a Loss



File a Claim

Contact your agent or insurance company ASAP!

Mitigate

Reasonable repairs to protect home from further damage.

Temp Repairs

Do **NOT** make permanent repairs without talking to your insurance company first and receiving prior approval.

Records

Keep accurate records of expenses, invoices, and receipts of temp repairs.

LOU

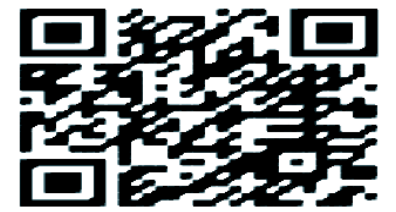
Keep Loss of Use records such as hotel, fuel, rent, pet boarding, storage units, and more.

Inventory

Take home inventory.

POL

Send Proof of Loss to Company within 180 days for a catastrophic event, and 60 days for all other covered perils.



SCAN ME

Flood Risk Rating 2.0



www.floodsmart.com
(Flood providers)



Equity in Action

30-day waiting
period Brand
new application

Existing policies
can be
reassigned

\$250,000
Building

\$100,000
Contents

May be required
by mortgage
lender

New rating
Variables

Contact National
Flood Insurance
Program (NFIP)

Most Common Types of Loss of Use

Additional Living Expenses LT



ALE (Long-term)

How **long** does this coverage last? Look at coverage.

Pays **above and beyond** your standard payments.

Reasonable relocation costs of longer-term housing, etc.

Deductibles **may or may not** apply.

Mandatory: Civil Authority ST



Doesn't exceed 14 days.

Only pays **above and beyond** your standard payments.

Reasonable relocation costs of ST

Deductibles **may or may not** apply

ALE Act 434 provides that a public safety announcement should be sufficient to trigger a prohibited use coverage.



Company/Claims Adjuster

- Works full-time for insurance company



Independent Adjuster

- Contracts with company



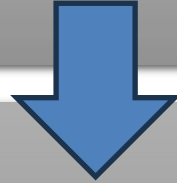
Louisiana Public Adjuster

- Investigate
- Appraise
- Evaluate
- Report to insured
- Must charge a reasonable fee
- Cannot charge a %

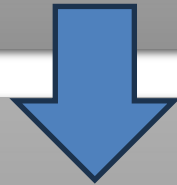
Types Of Adjusters

Mortgage Company Who gets the \$ and why?

Additional insured on policy



Check made to both you and
your mortgage company



Office of Financial Institutions
888-525-9414





Remember, for
policy specific
questions, contact
your agent.

How Can We Help You?



Frequently Used Phone Numbers

General Information:	800.259.5300
Consumer Services:	225.219.0619
Consumer Advocacy:	225.219.4775
Senior Health (SHIP):	225.342.5301
Agents Licensing:	225.342.0860
Company Licensing:	225.342.1251
Insurance Rating:	225.342.5203
Property & Casualty:	225.342.5203
Life & Annuity:	225.342.1226
Health:	225.219.4770

Reporting Insurance Fraud

If you suspect that an agent or company is engaging in fraudulent activity, contact the Office of Insurance Fraud at 225.342.4956.

Louisiana Department of Insurance

Office of Consumer Advocacy & Diversity



www.lidi.la.gov

1-800-259-5300