

# What does homeowners insurance cover?



What does a standard homeowners insurance policy cover? The short answer to that question is: your home and what's in it. However, if you've ever examined a typical policy, you know it's more complicated than that and not all contents are covered.

Policies differ from company to company and from individual to individual. So, no two policies will be the same. But here's a rundown of what most standard homeowners policies cover.

## **Property coverage**

As you would expect, the structure of your home is covered. These items in and around it are also protected by your homeowners policy:

- Heating and cooling systems
- Kitchen appliances
- Furniture
- Electronics
- Clothing, jewelry, and other possessions
- Other structures on your property (garages, pole barns and storage sheds, play structures, etc.)

## **Loss of use**

If you are unable to live in your home until damages can be repaired, most policies will help pay for living expenses during this time. If you earn rent from a tenant in your home, your policy may also reimburse you for the loss of this income.

## **Liability coverage**

Most policies include a liability component, which will pay for medical expenses if someone who does not live in your home is injured on your property. For example, if your neighbor trips and falls on your front walkway and files a claim against you, your homeowners insurance would help pay for their medical bills up to the limit of your policy. If the same neighbor files a suit against you and the event is a covered loss in your policy, your liability coverage may also help cover legal defense costs on your behalf.

## **Examples of covered events**

- Damage to your home from fire and smoke
- Damage to your home due to a weather event (wind, hail, lightning, etc.)
- Damage to your home from external forces
- Losses due to theft or vandalism
- Damage to your neighbor's property from something that originated from yours (e.g., a dead tree falls on your neighbor's fence, roof, etc. and you are deemed negligent in causing the damage)
- Bodily injury and medical fees arising from your dog biting someone
- Bodily injury and medical fees arising from someone getting injured on your property

## **What's not covered?**

- **Costs beyond the limits of your policy** – All policies have limits; the higher the limits, the more expensive the policy. For instance, most standard policies will limit the reimbursement amount for jewelry at \$2,000 (some cover less). If you have expensive jewelry or valuable artwork, you can add additional coverage for a fee.
- **Damage from floods and earthquakes** – If you live in a flood- or earthquake-prone area, you will have to purchase separate insurance to cover these events, as they are not covered by most standard policies. To see if you live in an area with a high flood risk, visit the [Federal Emergency Management Agency \(FEMA\)](#) website.
- **Backup of sewers or drains** – Damage from water backup is not covered by most standard policies, but coverage is usually available for an additional cost.
- **Damage due to neglect and poor maintenance** – If the damage to your home has been caused by a lack of proper maintenance or general wear and tear, as opposed to an external event, it will usually not be covered.

## **Cash value versus replacement cost**

- **Cash value policies** – When you have a claim, a basic homeowners policy will generally provide the cash value of the property that must be replaced, which factors in depreciation. This means that if lightning strikes your 10-year-old air conditioning unit, the cash value will not provide enough money to replace it with a brand-new unit.
- **Replacement cost policies** – Most insurance companies offer an upgrade to your standard policy that provides the full replacement cost of the

damaged property. In the previous example, a replacement cost policy would give you the full amount you need for a new air conditioning unit. Replacement cost policies are a bit more expensive, but if your budget allows, they are well worth the investment.

Frankenmuth Insurance offers both cash value and replacement cost homeowners policies, as well as a premium policy called [Ultra Home Guardian](#). This policy goes beyond standard coverages to give you more comprehensive protection and added peace of mind.

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