Homeowners insurance is a package policy covering damage to your property (dwelling and belongings) and legal liability for injuries or damage to others. A standard (HO-3) policy covers perils like fire, theft, wind, and hail. It generally requires a deductible and does not cover floods or earthquakes, which require separate policies.

Core Components of Homeowners Insurance

- A standard policy is composed of several key coverages:
- Dwelling Coverage (Coverage A): Pays to repair or rebuild the structure of your home (roof, walls, floors) if damaged by a covered peril.
- Other Structures (Coverage B): Covers detached structures, such as fences, sheds, or gazebos.
- Personal Property (Coverage C): Covers personal belongings (furniture, clothes, electronics) inside the home, and often covers them off-premises globally.
- Loss of Use (Coverage D): Covers additional living expenses (hotels, food) if you cannot live in your home due to a covered claim.
- Personal Liability (Section II): Protects you financially if you are responsible for injuring someone or damaging their property.

Key Coverage Options

- Actual Cash Value (ACV): Pays to repair or replace property minus depreciation (wear and tear).
- Replacement Cost: Pays to repair or replace property with new items of similar kind and quality, without depreciation.
- Scheduled Personal Property Endorsement: Specialized coverage for expensive items like jewelry or art, as standard policies have dollar limits on theft.

What is Not Typically Covered

- Standard policies typically exclude damage from:
- Floods
- Earthquakes
- Routine wear and tear or maintenance issues
- Mold, termites, or pests

Factors Affecting Cost

Premiums are determined by the home's age and location, construction materials, local crime rates, chosen deductible, and the owner's claim history.

Common Policy Types

- HO-3 (Special Form): The most common policy, covering the structure for all risks except excluded ones, and contents for named perils.
- HO-5 (Comprehensive Form): Provides the broadest coverage, covering both structure and belongings for all risks except excluded ones.
- HO-6 (Condo Insurance): Tailored for condo owners, covering improvements and personal liability.