



Homeowners Insurance

A Toolkit for Consumers



Prosperity Insurance Group, Inc. | Your Independent Agent
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www.ProspertyInsGrp.com
(561) 578-4673

Homeowners Insurance

TOOLKIT

Florida residents know firsthand that it pays to plan ahead. Dealing with wildfires, floods, tornadoes, hurricanes, winter storms, sinkholes and other disasters, not to mention individual home fires, lightning, smoke and theft, can drastically change our lives.

While we all need to carefully prepare for hurricane season, it pays to make sure your homeowners' insurance contains adequate coverage year-round. This toolkit provides helpful suggestions to prepare you for any type of claim that involves the largest investment you've made - your home.

This toolkit is yours - it can be as simple or as comprehensive as you want. Remember, the more detailed documentation you supply during the claims process, the fewer problems you'll have with the claim itself.

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1 Coverage

What does your policy cover and exclude?

Standard homeowners' policies usually limit coverage on valuables such as jewelry, silverware, guns, antiques, boats and other items. Check your policy and contact your insurance agent or company with questions or to request additional coverage. This is why your inventory is so important - it helps you realize the value of your belongings.

Replacement cost versus actual cash value

When buying coverage, you may insure your property and belongings for actual cash value or replacement cost.

Replacement Cost

Replacement cost is the amount needed to replace or repair your damaged property with materials of similar kind and quality, without deducting for depreciation (the decrease in the value of your home or personal property due to normal wear and tear).

Actual Cash Value

Actual cash value is the amount needed to repair or replace damage to your home after depreciation. For example, your insurance company would deduct for the age and condition of a 17-year-old roof with a 20-year life expectancy.

Here is how the two types of coverage work in practice. Let's say you bought a new television in 1994 for \$700. In 2005, a lightning strike destroys the TV. A policy for actual cash value will only pay an amount that reflects the TV's current value - say \$300.

A replacement cost policy would cover the entire cost of a new TV of the same type - say \$900.

Legislation passed in 2005 requires full payment without a depreciation hold-back for personal residential policies. Call the Consumer Helpline at 1-877-MY-FL-CFO (1-877-693-5236) for further information. Your agent must offer you replacement cost coverage for your dwelling. If you reject this coverage, you must sign a statement on the application form indicating that you don't want it. Standard replacement cost depends upon the dwelling limit stated on your policy. Insurance companies design most homeowners policies to require the policyholder to insure the dwelling for at least 80 percent of its replacement cost.

While it is rare, you can insure your home for less than 80 percent. If you do so, you will be charged a copayment penalty, in addition to your deductible, when you file a claim. Some companies offer guaranteed replacement cost dwelling insurance - an option that costs only a few dollars more, and insures your home for an increased amount, even if it exceeds policy limits. Many companies will not offer guaranteed replacement benefits for older homes.

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Windstorm coverage

Most homeowners' insurance policies cover damage caused by windstorms, hurricanes and hail, unless your dwelling is in the high-risk area known as the Wind-Pool Zone. If your dwelling is in this area, it is likely that windstorm coverage will be excluded and you will need a separate policy for this coverage. If you have a mortgage, your mortgage company can require that you secure this specialized coverage or they will apply force-placed coverage, which can be more costly.

Additional Living Expense

Homeowners' packages provide additional living expense (ALE) coverage that will pay some extra expenses if damage to your home prevents you from living there while it is being repaired. Most policies also will provide this coverage when a civil authority (law enforcement agency, emergency management service, etc.) prohibits the use of a residence due to direct damage to neighboring homes by a covered threat.

The items typically covered - above and beyond normal expenses - include extra costs for food, housing, telephone, transportation (to and from work or school), relocation and storage, utility installation and furniture rental for a temporary residence. Be sure to check your policy to find out what is specifically covered. This coverage applies only to differences in expenses. For example, it would apply to the cost of restaurant meals minus normal food expenses. It does not cover your mortgage, groceries and utilities or the monthly cost of a telephone in a rented space (since you normally pay for the telephone in your house).

Your policy may designate a limit of coverage for additional living expenses, but your policy does not obligate your company to pay this amount up front or in full if you suffer a total or partial loss. For this reason, you must keep receipts for additional living expenses and submit these to your company for reimbursement. Additional living expense coverage does not apply to your dependent children while they are away at college. It applies only to the primary insured structure in the event of a loss. Policies generally offer ALE coverage without any deductible.

Biological Deterioration (mold and fungi)

Typically, mold that results from a covered peril is a covered claim through your personal residential property insurance (homeowners') policy. An example would be a sudden and accidental discharge of water - like a burst pipe or other plumbing failure, or claims that arise from water damage due to hurricanes or flooding.

Please refer to your policy provisions for details of specific mold coverage and limitations. Most insurers now offer limited levels of mold-related property damage coverage within the basic policy. Many insurers offer \$10,000 of limited coverage, with an opportunity to purchase additional coverage for an additional premium. Other insurers exclude mold-related property damage entirely, but offer coverage in amounts of \$10,000, \$15,000, \$25,000, \$50,000 and policy limits, for an additional premium.

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Ordinance or Law Exclusion

If a local building ordinance or law increases the cost of repairing or replacing your dwelling, the insurance company will not pay that extra amount, unless you have added ordinance or law coverage to your policy. This is how it works: Your home was built in 1982 and the building code called for construction at least five feet off the ground. In 2001, the building code was changed to call for the same construction at least 10 feet above ground.

Complying with this code will require a change in design and building materials; thus, you will pay more to repair or rebuild your home, if necessary. If you have a claim that is covered by your homeowners policy, and have ordinance or law excluded, the insurance company will not pay the cost of bringing the repaired home up to current building requirements. Your agent must offer you ordinance or law coverage. If you do not wish to buy this coverage, you must sign a form stating that you reject it. Some companies automatically include the coverage in their policies.

Flood Insurance

Typically, homeowners' policies exclude flood damage (rising water). Depending on your home's location, however, you may qualify for flood insurance through the National Flood Insurance Program. You also may qualify for a discount if you include a special elevation report with your application. For more information, contact the National Flood Insurance Program at 1-888-FLOOD29 (1-888-356-6329). The coverage involves a 30-day waiting period before the policy becomes effective; unless the policy is purchased at the same time you buy your home. Some insurance companies also offer flood insurance. Generally, you will get separate coverage for your home and personal property. Your insurance agent or company can assist you with application forms for flood coverage.

Sinkholes and Catastrophic Ground Collapse

Florida insurance companies are not required to include sinkhole coverage on new or existing homeowners' insurance policies. However, they are required to inform homeowners that sinkhole coverage is available as an extra coverage - usually in the form of a rider, or addendum. A law passed in 2007 requires that insurance companies now include "catastrophic ground cover collapse" that results in an order to evacuate, and the insured structure being condemned by the governmental agency authorized by law to issue such an order for that structure. Surplus lines insurers are not required to offer sinkhole coverage, but many do. Ask your agent for details.

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2 Property Inventory

The Department of Financial Services recommends conducting a room-by-room inventory so that if you have a claim caused by any of the covered perils in your insurance policy, you will be able to file an accurate claim and get better claims results. The following pages include the main rooms of the house, but don't forget other areas such as closets, basement, attic, garage, porch, patio, workroom or shed. When checking these areas, be sure to check all items. It's also a good idea to photograph your personal property. Pictures add details to your inventory that written documents can't. Also be sure to include the year of purchase, price and brand name. Once you've completed your home inventory, compare the estimated value of your items to the amount of insurance coverage your current policy has. Also, you may want to check with your insurance agent or company to determine if you have any items that are underinsured, or if you need any additional coverage. It's very important to update your inventory at least once a year. Remember, your claim settlement depends on you supplying accurate, documented information.

Personal Asset Inventory

For each of the following categories, write down all the items that apply. Use separate sheets of paper for each if necessary.

Living Room	
Dining Room	
Kitchen	
Family Room (Den)	
Bedrooms	
Bathrooms	
Other	

TIP: If possible, take photographs or video of your property and store all records in a safe, dry place.

TIP: When dealing with a homeowners' insurance claim, never give original inventories or documents to anyone. If the original document is damaged, there is no way to reproduce a replacement.

Disclaimer: This manual may not be complete, do not omit any item from your inventory.

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Living Room

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Furniture					
Sofas/Chairs					
Mirrors					
Lamps					
Rugs/Carpet					
Tables					
Curtains/Draperies					
Entertainment Center					
Bookcases/Books					
Other:					
Arts and Crafts					
Pictures/Paintings					
Statues/Pottery					
Other:					
Electronics					
Television					
Stereo					
VCR/DVD					
CDs					
Telephones					
Computer					
Clocks					
Other:					
Miscellaneous					
Air Conditioner					
Cabinets					
Fireplace fixtures					
Blinds					
Other:					

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Dining Room

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
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Furniture

Tables					
Chairs					
Cabinets					
Curtains/Draperies					
Chandeliers/Lamps					
Mirrors					
Rugs/Carpet					
Other:					

Electronics

Telephones					
Clocks					
Other:					

Arts and Crafts

Pictures/Paintings					
Statues/Pottery					
Other:					

Miscellaneous

China/Crystal					
Glassware					
Table Linens					
Blinds					
Other:					

Additional Notes:

Kitchen

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Furniture					
Floor Mats					
Cabinets					
Curtains/Draperies					
Tables					
Chairs					
Other:					
Major Appliances					
Freezer					
Refrigerator					
Oven					
Microwave					
Other:					
Utensils					
Pots/Pans					
Silverware					
Glasses					
Plates/Dishes					
Cooking Utensils					
Other:					
Miscellaneous					
Blender					
Toaster					
Can Opener					
Coffee Maker					
Pictures/Paintings					
Blinds					
Cabinets					
Other:					

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Family Room (Den)

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Furniture					
Tables					
Sofas/Chairs					
Rugs/Carpet					
Entertainment Center					
Game table					
Bookcases/Books					
Desks					
Mirrors					
Other:					
Electronics					
Television					
VCR/DVD					
Stereo					
CDs					
Computer					
Video Game System					
Clocks					
Other:					
Arts and Crafts					
Pictures/Paintings					
Statues/Pottery					
Other:					
Miscellaneous					
Air Conditioner					
Fireplace fixtures					
Blinds/Draperies					
Other:					

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Bedrooms

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Furniture					
Beds					
Nightstand					
Lamps					
Desks					
Rugs/Carpet					
Bed Linens					
Curtains/Draperies					
Dressers					
Bureaus/Chests					
Bookcases/Books					
Mirrors					
Other:					
Arts and Crafts					
Pictures/Paintings					
Statues/Pottery					
Other:					
Electronics					
Computer					
Clocks					
Television					
VCR/DVD					
Stereo					
CDs					
Other:					
Miscellaneous					
Blinds					
Clothing					
Other:					

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Bathrooms

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Furniture					
Hamper					
Floor Mats					
Mirrors					
Bath Mats					
Bathub					
Curtains/Draperies					
Other:					
Arts and Crafts					
Pictures/Paintings					
Statues/Pottery					
Other:					
Electronics					
Electric Toothbrush					
Hair Dryer					
Shaver					
Curlers					
Other:					
Miscellaneous					
Towels/Linens					
Toiletries					
Scale					
Other:					
Additional Notes:					

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Other

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Real Estate					
Vehicles					
Cars/Trucks					
Boats					
RVs					
Other:					
Jewelry and Collectibles					
Computer Hardware/Peripheral Devices					
Additional Notes:					

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Other

Item	Qty	Purchase Date	Purchase Price	Brand Name	Make / Model / Serial Number
Miscellaneous					
Cameras					
Furs					
Antiques					
Tools					
Firearms					
Plants					
Toys/Porcelain Dolls					
Telescope					
Fish/Fish Tanks					
Musical Instruments					
Outdoor Furniture					
Lawnmower					
Other:					
Additional Notes:					

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3 The Claims Process

Once you have determined that the claim exceeds your policy deductible, immediately report property damage to your agent and insurance company. The company will arrange for an insurance adjuster to visit your property and begin the claim. Make emergency repairs and document them - keeping a file with all of your receipts, as well as any photos or video of the damage, to submit with your claim. Don't make extensive repairs before the claims adjuster arrives or throw out damaged furniture and other expensive items; the adjuster will want to see them. Make sure your adjuster is properly licensed to conduct business in Florida, and be sure to write down contact information including phone numbers and addresses for the adjuster and firm he or she may work for. If you have any questions about the license status of an adjuster, or the way your claim was handled, call the DFS Consumer Helpline toll-free at 1-877-My-FL-CFO (1-877-693-5236). Keep a record of the date, time, and name of all people you speak to regarding the claim. Also keep a copy of anything you sign, as well as any photos, receipts, and other documentary evidence.

Note about mediation:

In this free, informal process, a trained, neutral mediator tries to help resolve the dispute without dictating the outcome. However, it is important to remember that mediation is nonbinding. To find out if you qualify, call the DFS Consumer Helpline toll-free at 1-877-My-FL-CFO (1-877-693-5236). If you and your company representative cannot reach a satisfactory settlement together, you may hire an appraiser to reach a compromise figure. You and the company split the cost. If you both still disagree, you may hire a second appraiser, called an umpire. The decision of any two of these people is binding.

Adjuster Information and Contact Log

When you submit a claim for damage from a hurricane, your insurance company will schedule an evaluation conducted by an adjuster. Adjusters must be licensed in the state of Florida. There are three types of adjusters who are authorized to estimate damages following a disaster.

Company Adjusters work for your insurance company and are paid by them to estimate your damage and submit a report that will be used as the basis of the claim settlement. You do not pay this adjuster. These adjusters must be licensed in Florida. Emergency adjusters are temporarily licensed adjusters hired by insurance companies to assist with a large volume of claims, usually as a result of a disaster. Independent adjusters usually work as employees of an independent adjusting firm that has been hired by an insurance company to handle the company's claims. Independent adjusters obtain and submit the claim information to the insurance company. The insurance company makes the final decision regarding benefits paid. Public adjusters are self-employed and do not work for insurance companies or independent adjusting firms. They may work in a public adjusting firm. Public adjusters are hired to settle claims with the insurance company on your behalf. Generally their payment fee is a contracted percentage of the total claim settlement amount, but cannot exceed 20%. Public adjuster's fees aren't set by the state, although in the event of a state of emergency declared by the Governor of Florida, a 10% cap applies to all claims as a result of the state of emergency for a period of one (1) year an emergency order may be issued limiting the percentage of the fee that may be charged for adjusting hurricane claims. In either case, the public adjuster can only collect fees on the portion of the settlement that is actually attributed to the work of the public adjuster.

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