

# How to Read Your Homeowners Insurance Policy

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If you've been keeping up with the ServiceMaster Restoration by Simons blog, then you might have noticed we've been talking a lot about homeowners insurance recently. (And if you have not kept up with our blog, you should check out our guide on [What Does Home Insurance Cover](#) first.) However, today we want to cover the overly complex topic of how to read your homeowners insurance policy.

Did you know that the vast majority of U.S. homeowners are insured, but most of them don't fully understand their own policy? Of course this is the case — with a variety of different insurance carriers, agents and policies, understanding what a policy does and does not include coverage for can be a daunting task. But the good news is there are additional steps homeowners can take to be better informed, even aside from picking up the phone and calling their insurance agent.



Here at ServiceMaster Restoration by Simons, we've made it our goal to ensure clients and consumers are well-versed in their specific homeowners insurance policy. We can't tell you how many times our clients have been shocked to find out their insurance doesn't include coverage for something they assumed it did, and we would hate for that to happen to you! In general, our professionals advocate for a call to your homeowners insurance agent, because they can give you the fastest and most direct answers. *But*, we also recognize that sometimes a phone call isn't the best place to start — for example, if you don't know what questions you should ask because you don't know how to read your policy to find the information necessary to formulating questions. That's why we created this simple 3-step how-to guide to help you understand how to read your homeowners insurance policy.

## 1. Talk the talk

Sometimes, reading over an insurance policy can feel near impossible if you don't understand the lingo. In order to better understand your policy, there are a few key terms you'll want to get familiar with:

- *Replacement Cost* — *The full amount it costs to replace your home.*
- *Actual Cash Value* — How much the insurance company values your home at after it accounts for depreciation of its value.
- *Insured* — Who is covered under your policy. It's a good idea to make sure your pets and family members fall under this category, too.
- *Deductible* — The specified amount you must pay in the event of a loss before your insurance company will help cover costs.
- *Review your declaration page*

In general, most insurance companies use forms and contracts that look pretty similar, and pretty much across the board, you'll have a declaration page, which will be near the top of the contract. Usually, at the head of the document, there will be some indication that you are looking at the declaration page. This part of your contract is probably the best place to start if you're trying to understand your policy better, since it summarizes your coverage all in one place. It will include the policy number, policy period, your name and address, the address of the insured home, name of your mortgagee, your coverage types and policy limits, deductible amount for the policy, home-rating information, your discounts and the premium amount.

## 2. Parse through your property coverage

After the declaration page, homeowners insurance policies generally have two parts: Section I includes info about your property coverage, while Section II details your liability coverage. We recommend you look at the property coverage section next — there will likely be three subsections: Dwelling, personal property and loss of use. Keep in mind that between the protection you have under these three sections, you want to make sure you are covered for rebuilding your dwelling if its structure is damaged, replacing personal property, additional living expenses and the cost of personal claims. You can discuss the coverage amounts you see listed under property coverage with an agent to see if you are under-covered with your current policy.

## 3. Look for your personal liability

Once you've reviewed your property coverage, find Section II (personal liability) and figure out how much liability you're covered for. This section protects you against lawsuits for property damage or personal injury that you or your family cause to other people. You'll want to double-check to make sure this portion of your policy covers the

injured party's medical bills, legal fees and any damages awarded to the injured party. These things should be clearly spelled out in Section II of your policy document.

We know that taking the time to understand what's in the physical contract you signed when you bought homeowners insurance isn't a fun or easy task, but take it from us, it's a necessary evil. It's important to glean as much valuable information from your policy documents as possible before you pick up the phone, so that you are better-equipped to ask your insurance agent questions. Understanding the language and knowing where the different sections are located will also help you better process the answers your agent gives you. The professionals here at ServiceMaster Restoration by Simons recommend setting aside two hours to sit down with the heads of the household and review the policy one weekend. As always, feel free to give us a call at 773-376-1110 for all your restoration-related questions and concerns.

ServiceMaster Restoration By Simons is a MBE/WBE certified minority and women-owned and family run company serving the Chicago Area. The business provides disaster restoration services for damages caused by tornadoes, water, fire, flooding, mold remediation, and a wide range of interior specialty cleaning (hoarder/clutter, post construction, carpet & upholstery) to residential and commercial customers. For more information, give us a call at 773-376-1110 or visit [servicemasterbysimons.com](http://servicemasterbysimons.com).



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*As Managing Director of ServiceMaster by Simons, Sam has over 20 years of experience in the disaster restoration industry. Sam holds the cleaning industry's highest technical designation as an IICRC Master Water Restorer and Master Fire Restorer and has many more designations. His vast knowledge of "best practices" in the Water & Fire Damage Restoration industry makes him an invaluable resource to this company and to the clients he serves.*