



Home Is Where the Money Is

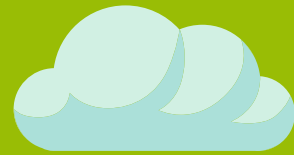
An Insurance Agent's Guide to Homeowner's Insurance





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Make Yourself at Home: An Introduction



Make Yourself at Home: An Introduction

Whether you're a rookie agent just starting out or a veteran hoping to grow your independent insurance agency, **personal lines** may be the book builder you're looking for – especially if you sell **Homeowner's Insurance**. It's a huge market with lots of earning potential, and at first glance, a fairly easy risk to write. How different could each homeowner's policy be?

Actually, writing Homeowner's Insurance isn't always easy. Getting your client adequate and reliable coverage depends on your...

- Ability to assess their unique risks.
- Knowledge of common exclusions and appropriate riders.
- Grasp of how various features impact a home's value.
- Access to different insurance providers.

Even if you've worked in commercial lines for years, making the jump to personal lines takes a little learning. But that's why this guide exists. Use it to help you write Homeowner's, **Renter's**, and Condo Insurance.



Your client's coverage is only as good as your ability to properly assess their risk.



HOW TO USE THIS GUIDE

This guide is designed to be a handy reference for independent insurance agents interested in writing...

- Homeowner's Insurance.
- Renter's Insurance.
- Condo Insurance.

Each product has a chapter that includes an explanation of the coverage and a checklist for risk assessment. Additionally, you can find...

- Tips for writing the policy.
- Important questions to ask your client.
- Details on popular riders.
- Information about scheduling property.
- A Quick Risk Glossary.

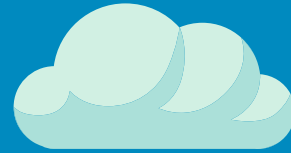
Read every page or skip directly to the information you need. Either way, this guide can help you write homeowner's policies with confidence.

A NOTE ABOUT ACCESSING HOMEOWNER'S INSURANCE ON INSUREON SOLUTIONS:

You don't have to be a member to find this eBook useful, but keep in mind some of the material is geared toward Insureon Solution agents.

For example, some chapters offer tips on using our universal application to get accurate ratings for clients. Many of the suggestions are tailored to Insureon Solutions' easy-to-use system and top-notch Homeowner's Insurance providers. While some of these tips may be valuable to non-members, others may not.

Still, this guide has something for everyone. So let's get started.



A Brief Overview of the Homeowner's Insurance Market

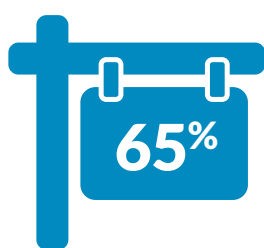


A Brief Overview of the Homeowner's Insurance Market

People need shelter. That shelter needs insurance. It's a fairly simple equation. And when you're looking for a new market to build your book, simple is important.

But that's not the whole story. The recession seems to be behind us, yet there's no shortage of doom and gloom headlines about a slumping housing market. If no one is buying houses, does anyone need Homeowner's Insurance?

You're smart to question whether selling [Homeowner's Insurance](#) is the right move for your agency. Before digging into the details of writing the risk, let's look at what the numbers actually say.

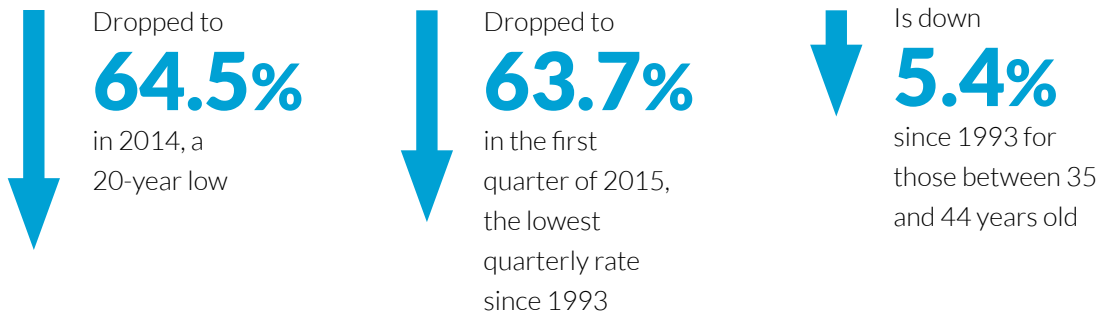


The rate of US homeownership is almost 65%.



NUMBERS DON'T LIE, DO THEY?

If you're like most insurance agents, you probably do some research before jumping into a new market. But with Homeowner's Insurance, the data can be a bit deceiving. On the face of it, the homeowners market is dwindling. Just look at [The Guardian's assessment](#), which states the rate of US homeownership...



Is homeownership down? Yes. Does that mean it's a bad choice for your agency? Probably not. The rate of ownership may be historically low, but it's still nearly 65 percent. That's nothing to sneeze at.

Plus, plenty of people who either can't or prefer not to buy a home may still need insurance for their personal belongings. [Harvard University's Joint Center for Housing Studies](#) found the number of new rental households has increased by an average of 900,000 every year since 2010.

And let's not forget: [according to IBISWorld](#), Homeowner's Insurance is still an \$86 billion industry.



The Homeowner's Insurance market is an \$86 billion industry.



THE TAKEAWAY: HOMEOWNER'S RISK IS WORTH THE EFFORT

Long story short, Homeowner's and Renter's Insurance continue to be profitable for independent insurance agents despite some unfavorable conditions in the housing market. However, if you want to take advantage of this opportunity, you'll need at least two things:

WHAT YOU NEED TO SELL HOMEOWNER'S INSURANCE

- ✓ An understanding of how to write the policies.
- ✓ Access to Homeowner's Insurance providers.

Taking care of the first is pretty easy. You study up and get some experience. The second, however, can be more difficult. Even if you have a direct appointment, Homeowner's Insurance is so varied that you might not have access to the markets that insure...

- High-value homes.
- Seasonal or vacation homes.
- Rental properties.
- Vacant houses.
- Older, rural, or low-value homes.
- High-risk homes



Look for markets that insure all types of homes—high-value, standard, and specialty.



HOW INSUREON SOLUTIONS GIVES YOU ACCESS TO INSURANCE MARKETS FOR ALL TYPES OF HOME

Insureon Solutions helps member agents close the deal for nearly every type of home by giving them access to providers that insure...

- Standard homes.
- High-value homes.
- Specialty homes.

Let's take a quick look at what makes these homes unique for insurers.

STANDARD HOMES

Most personal lines clients who walk through your door will have standard homes – i.e., the single-family houses that most carriers can cover. Your client's home probably fits this category if:

- Your client is a first-time buyer. If this is your client's first home, they probably don't have a loss record that might make admitted carriers turn away.
- Your client has one year of prior insurance. A client with a policy in place for one year is usually considered a better bet than someone who recently dropped their coverage.
- Your client has a clean claims history. Fewer claims make your client a safer bet for insurers, whereas a single catastrophic loss can be a red flag.
- The home has few exposures. Insurers tend to prefer homes that aren't in high-risk flood or seismic zones, but each carrier has its own appetite.
- The home is in city limits. Carriers often have an appetite for homes in or near the city limits (protection classes 1-8) because they are closer to fire departments, hydrants, and emergency services.
- The home has a rebuild value of less than \$2 million. If a home is worth more than \$2 million, it is considered a high-value home and may not be a good fit for some carriers.



HIGH-VALUE HOMES

A high-value home is simply a home with a rebuild value of more than \$2 million. That seems easy enough. They get coverage from carriers with an appetite for expensive homes. Done deal!

But here's the twist: a home can meet the high-value criteria and have some traits that push it toward markets for specialty homes. For example, a renovated home may have a \$2 million rebuild value, but if it is also in a rural area and used as a vacation home, you may have to explore excess markets for its coverage.

SPECIALTY HOMES

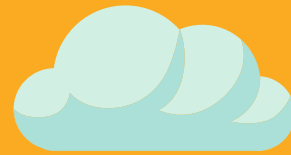
Standard insurance carriers don't have much appetite for specialty homes, especially if the home is...

- **Older.** Older homes usually mean older plumbing, wiring, and roofing, all of which can lead to property damage claims.
- **Seasonal.** Vacation and secondary homes may have a hard time getting coverage from standard carriers. That goes for homes with businesses on the premises, too.
- **Rural.** Geography plays a big part in the home's risk profile. A home near a fault line, flood plain, or wind hazard area or far from fire protection services may be harder to insure.
- **Risky.** A bad loss history is the first red flag, but insurers also look at the homeowner's credit and insurance history. Delinquent accounts, insurance cancellations, and prior declines can impact an insurance company's willingness to insure.

However, you can still find coverage for these homes via excess markets. It may take a little more paperwork and turnaround time, but your client will appreciate the effort.

Remember, if your client has property that needs coverage, there's a good chance you can place the risk through Noodle.

With that in mind, let's look at some pointers for writing Homeowner's Insurance.



What Insurance Agents Need to Know about Homeowner's Insurance



What Insurance Agents Need to Know about Homeowner's Insurance

When you look at the numbers from a [2015 Insurance Information Institute](#) poll, [Homeowner's Insurance](#) is a pretty easy sell. The poll found that 95 percent of homeowners carry coverage. The reason for that is simple: most lenders won't sign a mortgage unless the buyer has Homeowner's Insurance.

Easy to sell, however, doesn't always mean easy to write. Let's get the 30,000-foot view of this profitable personal lines policy so you can start marketing Homeowner's Insurance to your clients.



95% of homeowners carry coverage.



HOMEOWNER'S INSURANCE BASICS FOR AGENTS

Most homeowner's policies protect the dwelling and its contents against loss or damage caused by fire, windstorm, theft, and vandalism, though the specific covered perils depend on the policy. Standard policies also pay for legal expenses when a visitor is injured on the homeowner's property.

That's the overview, but let's get into the specifics. Homeowner's policies are written on the following standardized forms from the [Insurance Services Office](#):

FORM	COVERAGE
HO-0	The Dwelling Fire Form covers the physical structure of a home but not the insured's personal belongings or liability. It's most commonly purchased by homeowners renting out their home or by mortgage lenders who want to bridge a gap when a borrower's policy lapses.
HO-1	The Basic Form is a rarely used "named-perils" form, providing coverage for 11 specific events. If a peril isn't listed on the form, it is excluded.
HO-2	The Broad Form is another named-perils form, but it lists 16 perils for coverage. As with any named-perils form, anything that isn't explicitly included isn't covered.
HO-3	The Special Form is usually used for single-family homes. It's an "open-perils" form, which means it only lists excluded perils. If an event isn't listed, it is usually covered. However, the home's contents are typically still written on a named-peril basis.
HO-4	The Contents Broad Form is the form for Renter's Insurance. The policyholder's personal property is covered for events like the ones listed in HO-3 and HO-2. Most also include a degree of personal liability coverage.
HO-5	The Comprehensive Form is similar to HO-3 except it includes the home's contents on an open-perils basis.
HO-6	The Unit-Owners Form is typically used for Condominium Insurance, covering the owner's personal property and the unit's walls, floors, and ceiling.
HO-8	The Modified Coverage Form insures older, owner-occupied homes where the replacement costs far outweigh the market value. The coverage is usually limited to "functional replacement." This means the insurer may use less common material and methods to repair damaged property.

Note: Insureon Solutions members don't need to worry about picking out the appropriate standardized form. Our smart application will deduce the correct form based on your answers.



Homeowner's Insurance forms also have coverage classifications. These classifications correspond to the property coverages on a standard homeowner's policy, most commonly written on HO-3 or HO-5. Take a look at the chart to see what a standard homeowner's policy usually covers.

STANDARD HOMEOWNER'S INSURANCE COVERAGE			
Damage to the Physical Structure	Loss or Damage to Personal Property	Personal Liability	Temporary Housing Costs
Both HO-3 and HO-5 are open-peril forms written for the actual dwelling and additional structures (e.g., a garage or tool shed). Risks are covered UNLESS they are listed on the form. For standard Homeowner's Insurance, this usually means earthquake and flood damage aren't covered.	HO-3 provides coverage for the home's contents only when damaged by named perils – usually fire, lightning, and theft. HO-5 is an open-perils policy and provides more comprehensive coverage. Your client can also opt for off-premises coverage, which means they can lose their laptop while away on vacation and still file a claim.	The liability portion of Homeowner's Insurance covers the damage and injuries your client or their family members cause to other people. Usually, it includes events that happen both in your client's home and out in the world. For example, if their dog bites a mail carrier at their front door, their Homeowner's Insurance can usually cover it.	If your client's home is uninhabitable due to a covered peril, their Homeowner's Insurance may pay for an apartment or hotel stay, restaurant meals, and other incidentals that occur while their home is under repair.

Figuring out the appropriate limits for these components can make writing Homeowner's Insurance tricky. However, a thorough risk assessment can help determine your client's needs.

Upsell Opportunity

Most states offer earthquake insurance programs, and flood insurance is available through [Floodsmart.gov](https://www.floodsmart.gov).



INSURANCE AGENT CHECKLIST FOR WRITING HOMEOWNER'S RISK

Every client and every house is different, but you can use this checklist to start investigating their unique risks.

ASK ABOUT YOUR CLIENT'S INSURANCE AND CLAIMS HISTORY.

This is one of the most important conversations you can have with your client. Just two claims can send them to excess markets for Homeowner's Insurance. That's also true for past insurance cancellations and prior declines.

Pro Tip

Placing a risk with excess markets can take up to 2.5 weeks. Ask your Noodle rep for excess market information if your client has a significant claims history.

DETERMINE YOUR CLIENT'S FLOOD AND EARTHQUAKE RISK.

Floods and earth movements are devastating events, but most Homeowner's Insurance policies don't cover them. Insureon Solutions does not currently have products for these risks, but you can turn to the [National Flood Insurance Program](#) and your state's earthquake insurance program for assistance.

ASK WHEN THE HOME WAS BUILT.

For older homes, you may need to look at [specialty markets](#) to place the risk. Pay attention to homes built before 1950 with roofs that haven't been renovated – those are red flags for most carriers and can make the home ineligible for standard home insurance carriers.



ASK ABOUT THE HEATING SYSTEM.

An out-of-date heating system makes the risk harder and more expensive to place.

ASK ABOUT CIRCUIT BREAKERS.

If your client's circuit breaker has knob-and-tube wiring, they may be ineligible for coverage.

ASK ABOUT THE HOME'S FEATURES.

Additional features can impact the home's value, so ask about siding, renovations, decks, and other upgrades.

ASK ABOUT HOME BUSINESSES.

According to the [2007 US Census](#), the most recent data available, 51.6 percent of businesses operated out of someone's home. Unfortunately, many owners don't realize that most homeowner's policies exclude coverage for business activities and property.

Cross-Selling Opportunity

If your client runs a home-based business, look into a Business Owner's Policy for them.



ASK ABOUT PETS.

According to [Nolo.com](https://www.nolo.com), more than half of states hold the dog owner responsible for dog bites. To complicate that even more, some insurers refuse to cover certain breeds. Ask your client if they have any of the breeds listed in the following chart.

RED-FLAG DOG BREEDS FOR HOMEOWNER'S INSURANCE CARRIERS

- Akita
- Alaskan malamute
- American Staffordshire terrier
- Boxer
- Chow
- Dalmatian
- Doberman pinscher
- German shepherd
- Husky
- Pit bull
- Presa canario (canary dog)
- Rottweiler
- Staffordshire bull terriers
- Wolf dogs and wolf hybrids
- Any dog with a history of biting or vicious behavior



DISCUSS ACTUAL-CASH-VALUE VS. REPLACEMENT-COST COVERAGE.

Your client's home and its contents can be insured either for their **actual cash** value or their **replacement cost**. Actual-cash-value coverage pays out what the depreciated item is worth, and replacement-cost coverage pays to return the item to its original condition or to replace it with a new item of similar value.

INSURE FOR THE REBUILD VALUE.

Your client may assume that Homeowner's Insurance pays for the home's market value, but it actually covers the cost of rebuilding the home. Make sure they understand that land costs are not included. To get an accurate estimate, use the rebuild value cost estimator on the Insureon Solutions application.

Keep in mind that homes with a rebuild value of \$2 million are usually considered high-value homes. Not every carrier has an appetite for these homes, but Insureon Solutions' carriers do.

CHECK THE HOME'S PROTECTION CLASS.

The **Insurance Services Office (ISO)** developed a 1 to 10 rank system to gauge an area's protection class, which accounts for:

1. **Fire department quality**, including the fire department's level of training, quality of equipment, and the distribution of its companies.
2. **Water supply system**, including fire hydrant locations and maintenance.
3. **Fire alarm and communications system**, including the telephone system, dispatch system, and response time for emergencies.

Homes in an area with a protection class of 1 to 8 can usually find coverage through standard markets. Usually rural homes are ranked 9 and 10 and tend to get coverage through specialty markets.

Note: Insurers treat protection classes 1 through 4 as essentially the same, but the difference between a 2 and a 5 may impact your client's Homeowner's Insurance premium.



DOUBLE-CHECK YOUR CLIENT'S INFORMATION.

Complete the application carefully and check the data to receive accurate ratings.

Encourage your client to create a home inventory, perhaps by sharing this [article from the Insurance Information Institute](#). A file with the pertinent information is a helpful tool when it comes to assessing risk, but it might be even more valuable when clients need to make a claim.

Pro Tip

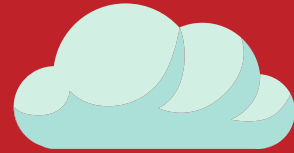
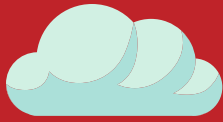
Be prepared to list the home's protection class on the Insureon Solutions insurance application.

HOW TO WRITE HOMEOWNER'S RISK ON INSUREON SOLUTIONS

Quoting homeowner's risk on Insureon Solutions is already easy, but here are some tips that can make it even easier:

- ✓ Make notes on the application. Indicate if you want a multi-policy discount.
- ✓ Provide accurate information about the home's features. The application uses default features, so be sure to change them for more accurate quotes.
- ✓ Specify if the coverage is for a new policy or a new home purchase. If the applicant owns a home and doesn't have insurance, that's a red flag for insurers. It may even be an automatic decline.

Now that you know more about homeowner's risk, let's move on to [Renter's Insurance](#).



What Insurance Agents Need to Know about Renter's Insurance



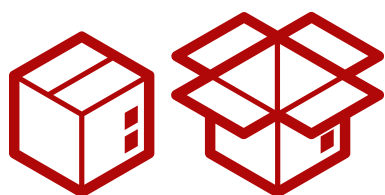
What Insurance Agents Need to Know about Renter's Insurance

Renting a home used to be what people did when they were first starting out. Apartment buildings were full of newlyweds and grad students who weren't ready to buy but still had their sights on owning a home one day.

But times have changed. Shifting job markets and delayed marriages mean homeownership is often postponed, if not wholly eliminated. More people are renting homes, and they are staying in them longer than ever before.

The result? More opportunities for a savvy insurance agent to sell **Renter's Insurance**. In fact, some are already jumping on the bandwagon.

According to a **2014 poll from the Insurance Information Institute**, 37 percent of renters have Renter's Insurance, up from only 29 percent in 2011. Granted, that's not as impressive as the 95 percent who have **Homeowner's Insurance**, but it is remarkable growth that signals increased appetite for a coverage that you can easily sell.



*84% of landlords
require tenants to
have insurance.*



INSURANCE AGENT CHECKLIST FOR WRITING RENTER'S RISK

Renter's Insurance can cover your client's personal property and liability. Most policies protect the renter's belongings against loss or damage caused by fire, windstorm, theft, and vandalism, while the liability portion helps pay for legal expenses when a visitor is injured on the property.

Reassure your client that they aren't paying to cover their landlord's building or contents – they have their own policy for that.

And now that you know the basics, take a look at this checklist to help assess the renter's risk.

READ THE LEASE.

[NASDAQ reports](#) on a 2012 survey that reveals **84 percent** of landlords require tenants to have insurance. Help your client out by reviewing their lease. Check their insurance requirements to see whether their landlord needs to be named as an additional insured.

ASK ABOUT HIGH-VALUE PROPERTY.

The property portion of Renter's Insurance often has a limit that doesn't cover the cost of replacing high-value items, such as jewelry, fine art, or expensive cameras. For adequate coverage, your client's valuable belongings may need to be scheduled. Jump to [Common Questions about Scheduling Property](#) to learn more.

Upsell Opportunity

Don't assume young adults have nothing of value. See if they have property that could benefit from scheduling.



DISCUSS ACTUAL-CASH-VALUE VS. REPLACEMENT-VALUE COVERAGE.

Make sure your client knows that insuring their property for its **actual cash value** means the item is only covered for its depreciated value. **Replacement-value coverage** allows them to purchase a new item of comparable quality in the event of a claim.

ASK ABOUT PETS.

Exotic pets, such as sugar gliders, farm animals, and “vicious” dog breeds may make insurers shy away. Ask if your client has the any of the breeds listed in the chart below.

RED-FLAG DOG BREEDS FOR HOMEOWNER'S INSURANCE CARRIERS

- Akita
- Alaskan malamute
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- Boxer
- Chow
- Dalmatian
- Doberman pinscher
- German shepherd
- Husky
- Pit bull
- Presa canario (canary dog)
- Rottweiler
- Staffordshire bull terriers
- Wolf dogs and wolf hybrids
- Any dog with a history of biting or vicious behavior



ASK ABOUT ROOMMATES.

While a renter's policy can include a roommate, it's usually smarter for your unmarried clients to insure only their belongings and liability.

ASK ABOUT SAFETY FEATURES.

Some insurance companies offer premium discounts if the rental property has deadbolts, exterior doors, burglar alarms, and sprinkler systems.

Remember: a home inventory is useful for determining coverage limits, but it is even more valuable if your client needs to make a claim. Encourage your client to make a property inventory file that includes photos and proof of ownership of their belongings.

Referral Opportunity

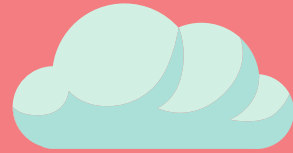
**Partner with property management companies
for more renter clients.**

QUOTE RENTER'S INSURANCE ON INSUREON SOLUTIONS

Renter's Insurance is a fairly straightforward risk, and plenty of carriers have an appetite for it. The tricky part may be convincing clients that affordable coverage is available. Usually, they are more willing to invest when they have a chance to comparison shop.

Use Insureon Solutions' universal application to send your client's information to all available carriers. That way your client can get multiple quotes to choose from.

And now that you know how to appeal to rental clients, let's take a look at condo owners



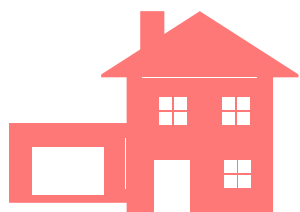
What Insurance Agents Need to Know about Condominium Insurance



What Insurance Agents Need to Know about Condominium Insurance

Plenty of evidence shows more people are choosing condominiums in the city over houses in the suburbs. As [Time magazine explains](#), multifamily housing accounted for 40 percent of new construction in March 2014. The authors also cite a Nielsen company report that found 62 percent of millennials prefer the mixed-use communities found in urban centers.

You can use this information in one of two ways: sit back and wait for condo owners to inundate your agency or market your ability to quote [Condo Insurance](#) to the community. Either way, your first step is to brush up on the basics of this policy.



40% of new construction is multifamily housing.



AN AGENT'S CHECKLIST FOR WRITING CONDO RISKS

In a lot of ways, a condo owner is just like a homeowner. They own their home and are liable for the property and the things that happen in it. The main difference comes from how that home is set up.

Typically, condos share walls with other units. The floor may be another owner's ceiling. And more often than not, the building has shared common spaces. All of these features make writing Condo Insurance a bit different from your average homeowner's policy.

Like Homeowner's Insurance, most condo policies protect the dwelling and its contents against loss or damage caused by fire, windstorm, theft, and vandalism. They can also pay for legal expenses when a visitor is injured on the property.

Those are the basics. But here are some issues you may want to address during your risk assessment.



If the condo association has a bare-walls-in policy, your client may need more coverage



DISCUSS THE DIVISION OF LIABILITY.

Make sure your client understands that certain shared areas, such as sidewalks and hallways, are the responsibility of the condo association. The condo association usually uses a portion of member fees to cover that liability through its own insurance policy.

READ THE MASTER POLICY.

Help your client figure out their insurance responsibilities by reviewing the condo association's master insurance policy. Master policies are usually either...

- An “all-in” policy. This type of master policy covers shared space, the exterior of the building, and the fixtures in your client’s condo, such as their appliances, carpets, wiring, and plumbing. If your client’s condo association has this policy, they may have fewer personal insurance responsibilities.
- A “bare-walls-in” policy. This policy only covers communal space and your client’s “bare walls” – e.g., usually the building exterior up to the drywall or the paint. If your client’s condo association has this policy, they may have more personal insurance responsibilities.

Pro Tip

**If the condo association has a bare-walls-in policy,
your client may need more coverage.**



ASK ABOUT PETS.

Owning certain kinds of pets makes getting insurance more difficult. For example, some dog breeds may limit your client's insurance options. Ask your client if they own any of the breeds in the chart below. Make sure they know if they answer "no" for this question on the application, they are also agreeing not to acquire any of these breeds while they are insured.

RED-FLAG DOG BREEDS FOR HOMEOWNER'S INSURANCE CARRIERS

- Akita
- Alaskan malamute
- American Staffordshire terrier
- Boxer
- Chow
- Dalmatian
- Doberman pinscher
- German shepherd
- Husky
- Pit bull
- Presa canario (canary dog)
- Rottweiler
- Staffordshire bull terriers
- Wolf dogs and wolf hybrids
- Any dog with a history of biting or vicious behavior



ASK ABOUT HIGH-VALUE PROPERTY.

Condo Insurance typically covers the floor, ceiling, and walls of your client's unit, but it also protects their personal belongings. However, your client may need to schedule particularly valuable items, such as guns, musical instruments, and jewelry. Learn more in the section [Common Questions about Scheduling Property](#).

Upsell Opportunity

Some clients may find a blanket jewelry endorsement convenient for insuring their valuable jewels. It offers up to \$10,000 of coverage without scheduling.

DISCUSS ACTUAL CASH VALUE VS. REPLACEMENT COST.

Make sure your client understands that [actual-cash-value](#) coverage for their property may keep their premium down, but it will only pay out what the depreciated item is worth.

ASK ABOUT HOME-BASED BUSINESSES.

[According to the Small Business Administration](#), 52 percent of businesses are based out of homes. If your client has a home-based business, their Condo Insurance may not cover their business property or liability.

Cross-Sell Opportunity

Suggest a Business Owner's Policy for condo clients who run a home-based business.



As with most home risk, it's a good idea to encourage your client to take an inventory of their property. Having a file that lists their assets and includes photos, receipts, and appraisals can help when they need to make a claim.

WRITING CONDO RISK ON INSUREON SOLUTIONS

When it comes to Condo Insurance, the devil is truly in the details. Determining where the condo association's insurance ends and your client's responsibilities begin is key to finding the appropriate coverage. If you hit a wall, turn to Insureon Solutions. Our application is easy to use, plus the live chat feature connects you to a personal lines professional who can help you out if you get stuck.

Now that you know the Homeowner's, Renter's, and Condo Insurance basics, let's look at popular riders.



52% of businesses are home-based, but Condo Insurance usually doesn't cover commercial risk.



Know Your Rider: Popular Endorsements for Homeowner, Renter, and Condo Clients



Know Your Rider: Popular Endorsements for Homeowner, Renter, and Condo Clients

Here's a scary thought: according to Insurance Business America, a survey by Marshall & Swift/Boeckh shows that **60 percent** of homes are underinsured. That's a problem for the homes' owners, no doubt. But remember, a problem for your client can easily turn into a nightmare for you.

Even the individuals who purposely underinsure their homes to avoid larger premiums may, in the event of an uncovered claim, insist that your professional advice was to blame.

Riders, also called endorsements, are one way you can make sure your clients have sufficient coverage. A rider can enhance your client's [Homeowner's Insurance](#) by:

- Broadening its scope.
- Adding locations or people.
- Covering unique or expensive exposures.

Look through these common riders written on Insureon Solutions to see if there are additional coverages your homeowner, renter, or condo clients may need.

Upsell Opportunity

You don't have to wait for a client's expiration date to suggest a rider. Life changes may mean it's time for more insurance.



HOMEOWNER'S RIDER #1: REPLACEMENT FOR CONTENTS IN DWELLING

Most homeowner's policies set your client's personal property (i.e., dwelling contents) limits at 50 percent of the dwelling coverage. So let's say your client's home is insured for \$250,000. When they make a claim, the insurance company only pays \$125,000 for their personal belongings.

Is that enough coverage? It depends on your client, but a home inventory (here's an example from the Insurance Information Institute) can shed some light on the matter. They may want to increase their limits with a "replacement for contents in dwelling" endorsement.

PRO TIP:

If your client decides to make the purchase, be sure the rider increases the content limits. Many insurers sell an endorsement that increases dwelling limits but leaves the content limits untouched. That means the content limits listed on your client's declarations page are in force even when a loss triggers the increased dwelling limits.



***60% of homes are
underinsured.***



HOMEOWNER'S RIDER #2: SCHEDULED PARTS OF PROPERTY

A “scheduled parts of property” rider also increases the coverage limits for your client’s personal belongings, but it’s usually reserved for especially valuable items, such as...

- Guns.
- Jewelry.
- Fine art.
- Furs.
- Musical equipment.
- Coin collections.
- Memorabilia.

PRO TIP:

When your client decides to schedule their property, they typically insure it for the full cost of replacing it. To do that, they may need to file an appraisal or receipt with their provider. The next section, [Common Questions about Scheduling Property](#), has more details.

Upsell Opportunity

**Don't assume that only homeowners have items to schedule.
Do a home inventory with renters and condo owners, too.**



HOMEOWNER'S RIDER #3: WATER OR SEWER BACKUP

Homeowner's Insurance doesn't usually cover damage caused by sewer backup. The good news: many insurance providers offer riders that cover the damage that sometimes happens after:

- Heavy rains obstruct sewer grates.
- Tree roots block sewer lines.
- Snowfall obstructs sanitary mains.

Water damage can be expensive, so many homeowners add a sewer backup rider to their coverage. Condo Insurance doesn't usually cover sewer backup either, so you may want to suggest the rider to your condo clients, too.

PRO TIP:

Read the condo association's master policy. If it doesn't cover sewer backup, your client may be on the hook for those damages.

HOMEOWNER'S RIDER #4: BLANKET JEWELRY COVERAGE

While your client's homeowner's policy usually pays for damaged or stolen jewelry, the limits are often modest. Add in the deductible, and chances are their coverage is insufficient for their most valuable pieces.

The blanket jewelry rider gives them more protection for their valuable collection. Basically, your client purchases a blanket rider with an overall limit (e.g., \$100,000) and per-item sub-limits (e.g., \$10,000 for any one item). The most they can claim for a lost item is \$10,000, but they typically don't need appraisals or receipts to purchase this coverage.



HOMEOWNER'S RIDER #5: IDENTITY FRAUD

Most Homeowner's Insurance policies include coverage for theft, which sometimes includes identity fraud. Unfortunately, this is another instance when the limits may be insufficient for the damage the event causes.

That's why many insurance companies offer identity fraud endorsements for Homeowner's Insurance. Identity fraud endorsements can help your client cover the cost of repairing their credit by paying for:

- Lost wages.
- Investigator fees.
- Lawyer fees.
- Notary and certified mailing costs.

Some insurers also cover restoration and resolution services.

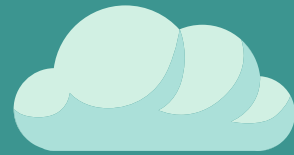
HOMEOWNER'S RIDER #6: PERSONAL INJURY

Standard Homeowner's Insurance covers lawsuits over third-party bodily injury and property damage, but it doesn't usually cover lawsuits over reputational harm, such as...

- Slander.
- Libel.
- Defamation of character.

It may seem unlikely that your homeowner client would be sued over these incidents. But it only takes one ugly tweet for your client to be sued for defamation, and they'll be glad when this rider covers their legal expenses.

Homeowner's Insurance riders let you tailor a policy to your client's needs. Scheduling their property does, too. Let's take a look.



Common Questions about Scheduling Property



Common Questions about Scheduling Property

While [Homeowner's Insurance](#) typically covers your client's property, the limits are often insufficient for their most valuable items. Clearly, that's a problem when disasters strike, and it might spell trouble for you, too.

According to this [claims frequency data](#) from Independent Insurance Agents and Brokers of America, personal lines occurrence policies drive **29 percent** of E&O claims against insurance agents. On its own, Homeowner's Insurance is the source of **12 percent** of those claims.

Scheduling your client's personal property provides better protection for their valuables. That means they'll be less likely to come up short after a claim and therefore less likely to accuse you of omitting advice.

Let's look at some of the frequently asked questions about scheduled personal property so you can better assist your clients in protecting their assets.



***Valuables like jewelry, furs,
and collectibles may call
for extra coverage.***



WHAT IS SCHEDULED PERSONAL PROPERTY?

Scheduling property ensures that your clients have enough coverage for their most expensive belongings, such as jewelry or fine art. Scheduled Personal Property coverage (i.e., Personal Inland Marine Insurance) offers broad coverage that floats with a client's insured property no matter where it is.

Let's say your client's homeowner's policy pays \$1,000 for jewelry lost or damaged by theft or fire. That's plenty of coverage for their costume pieces, but what about an heirloom ring that's worth \$10,000? They would be woefully underinsured for that item.

But if they schedule that ring, they get higher coverage limits and protection for a wider range of losses.

Pro Tip

Clients may balk at the extra premium, so be sure to emphasize the benefits of scheduling valuables.

Scheduling property can give clients greater peace of mind, but it also has other benefits, such as...

- Broader coverage. Scheduling property allows your clients to purchase higher limits and get coverage for more perils. For example, a homeowner's policy may not cover a lost ring, but Scheduled Personal Property coverage often accounts for mysterious disappearances. Most of the time, scheduled property enjoys worldwide coverage, too. That means even if your client loses their insured engagement ring on vacation in France, they can make a claim on their policy to replace it.
- No deductible. Insurance companies usually don't require a deductible for claims on scheduled property.
- Replacement cost coverage. Scheduled property is often covered for its replacement value instead of its actual cash value. That means the insurance company pays to replace the scheduled item without taking depreciation into account.

It doesn't matter if your client has Homeowner's Insurance, Condo Insurance, or [Renter's Insurance](#). You can schedule property on any of these policies.



WHEN DOES IT MAKE SENSE TO SCHEDULE PROPERTY?

Suggest scheduling if a client owns particularly valuable or unique items. Consult the checklist below and ask your client if they have these items.

COMMONLY SCHEDULED PERSONAL PROPERTY

- Jewelry
- Fine art
- Furs
- Antiques
- Guns
- Stamp and coin collections
- Musical instruments
- Crystal and china
- Silverware

This list is not comprehensive, so be sure to talk to your clients about their valuable personal belongings.



WHAT DO I NEED TO DO TO SCHEDULE MY CLIENT'S PROPERTY?

Every insurance provider has different requirements for scheduling property, but most want an outside authority to determine an item's worth. Some insurers may be satisfied with a receipt, but others might want an expert appraisal for each item.

Appraisals can be tricky for antiques, art, and collections because the value can fluctuate over time. Generally, insurers want an appraisal done within the last three years, so make a note in your client's file of their last appraisal date. That way you can send them a reminder to get a new appraisal before it's time to renew.

ARE THERE ALTERNATIVES TO SCHEDULING PROPERTY?

For clients who don't want to schedule property, you can offer blanket jewelry coverage. It's an endorsement that provides your client with up to \$10,000 of coverage for any single item without scheduling.

Many clients like this option because it's often less expensive and more convenient than scheduling. Insurers don't require appraisals or receipts upfront. However, if your client's jewelry is damaged, the provider may ask for proof of ownership and verification of its value.

The more valuable a client's property, the more important it is to talk to your clients about the coverage limits on their Homeowner's Insurance. [Contact Insureon Solutions for a consultation.](#)



Blanket jewelry coverage can offer up to \$10k in protection for any single item



Quick Risk Glossary

Quick Risk Glossary

As an independent agent, you already know how insurance jargon can confuse your clients. And if it's been a while since you've written [personal lines](#), it couldn't hurt to brush up on some Homeowner's terminology. Use this Quick Risk Glossary to ensure you and your client are speaking the same language.

ACTUAL CASH VALUE (ACV)

Actual cash value is another way of saying depreciated value. When a client chooses to insure their property for its actual cash value, they typically receive what the item is worth at the moment of the loss. It is the lowest level of property coverage, and this makes it very rare for someone to select ACV for their Homeowner's Insurance.

BACKUP

A **backup** occurs when water accumulates because something has stopped its forward flow. Backup is common in basements after heavy rains or when snowfall clogs sewer grates on the streets. The repairs are usually expensive, and if your client doesn't have the appropriate endorsement, they probably don't have coverage for this type of damage.

DISCHARGE

Discharge is water flowing out from the wrong part of a pipe, such as when a pipe bursts or leaks. HO-3 usually covers discharge from plumbing, heating, air conditioning, and appliances.

FLOATER

A **floater policy** is an additional coverage that protects your client's property wherever they take it. Clients often buy a floater for valuable items such as furs, jewelry, and art that may not be fully covered by a standard homeowner's policy.

FLOOD

A **flood** is rapidly rising water that covers two or more properties, at least one of which belongs to your client. Standard Homeowner's Insurance doesn't cover floods. Turn to the [National Flood Insurance Program](#) for assistance.

GUARANTEED REPLACEMENT COST

Sometimes called extended replacement cost, **guaranteed replacement cost** is the highest level of property coverage your client can select. It can cover the entire cost of rebuilding their home even if it exceeds the policy limits.

HAZARD INSURANCE

Hazard insurance is the portion of the homeowner's policy that pays to repair or replace the physical property when it is unintentionally damaged by covered perils.

LIABILITY INSURANCE

Liability insurance is the portion of the homeowner's policy that pays for the property damage or injury your client may cause other people.

MARKET VALUE

The **market value** of an item is the price it would get if sold in current market conditions. A home's market value includes the land value; however the land value and market worth are not included when calculating the cost of rebuilding the home.

NAMED-PERILS COVERAGE

Named-perils coverage describes property insurance that only covers the causes of loss that are specifically listed in the policy. HO-2 is an example of Homeowner's Insurance written on a named-perils basis. It lists 16 perils that it covers, including wind, frozen pipes, and civil commotion.

OPEN-RISK COVERAGE

Sometimes referred to as an "all-risk policy," **open-risk coverage** describes property insurance that covers claims caused by any peril except those specifically listed in the policy. HO-3 is an example of Homeowner's Insurance written on an open-risk basis. It lists perils that it doesn't cover, such as earthquakes, floods, inherent defects, and vermin.

OVERFLOW

Overflow occurs when water exceeds its boundaries, such as when a sink reaches capacity and water pours over the sides. HO-3 usually covers overflow from plumbing, heating, air conditioning, or appliances.

PERIL

A **peril** is a cause of loss, such as fire, theft, vandalism, or hail.

PROTECTION CLASS

A 1 to 10 rank system developed by the [Insurance Services Office \(ISO\)](#). The rank accounts for the quality of an area's fire department, water supply system, and emergency communication systems. Homes in an area ranked 1 through 8 can usually find coverage through standard markets. Homes in an area ranked 9 and 10 may need to get coverage through excess markets.

REAL PROPERTY

Real property is the land plus the things attached to the land, such as buildings, trees, and bushes.

REPLACEMENT COST

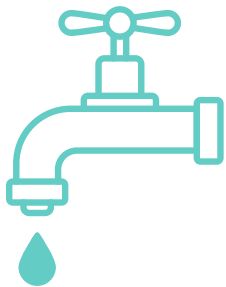
Replacement cost is the amount it costs to rebuild or repair your client's home without depreciation. Replacement-value coverage is written as an endorsement and can be applied to both the dwelling and the contents. This doesn't mean the insurer will pay out for more than the coverage limit. For example, if your client's home costs \$100,000 to rebuild, but they only have \$20,000 of coverage, they only receive \$20,000 for the rebuild.

SCHEDULE

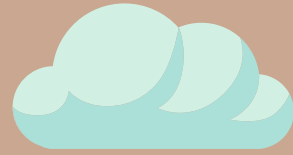
To **schedule** property means to list covered items in a policy along with the amount of coverage each gets. Typically, personal property is scheduled when its value exceeds the coverage a standard homeowner's policy provides. Jewelry, fine art, musical instruments, and coin collections are common examples of property that may need to be scheduled. Different insurers have different requirements for scheduling, but most ask for receipts or appraisals.

WATER LOSS

Homeowner's Insurance can usually cover water loss damage when pipes burst, air conditioners leak, or washing machines overflow. Overflowing sumps and sump pump damage are often not covered.



Homeowner's Insurance can cover some types of water loss, but usually not overflowing sumps.



Bring It Home

Bring It Home

Homeowner's Insurance can be a moneymaker for your agency, even when the [Census puts out press releases](#) to say homeownership rates have fallen. Just remember, you can always focus your energy on:

- **Marketing Renter's Insurance.** Renters may not give you the largest premium, but building a relationship with them can pay off through referrals.
- **Investigating condominiums.** The complexities of Condo Insurance may leave many owners with inadequate coverage. Demonstrate your understanding of their unique needs to pull them into your book.
- **Improving your position.** Homeowner's Insurance is profitable but competitive. Look for ways to make your agency stand out.

One way to distinguish your agency is to broaden your reach in the home insurance market with Insureon Solutions. Use the checklists in this guide for an accurate risk assessment, and submit the risk on Insureon Solutions.

Our relationship with top-rated carriers means you can quote products for all types of homes – standard, high-value, and specialty. Your clients get fast, accurate quotes to compare, and you get to be their insurance hero.

So what are you waiting for? [Log in to your portal](#) and start quoting today!

