



Guidance Education Service

# Homeowners Insurance Basics



***Your house is probably your biggest investment.***

***Here are some basic points to remember when buying Homeowners Insurance.***

**Your Homeowners Policy is divided into two section:**

- ~ Property – such as your house, out buildings, personal belongings, or jewelry.
- ~ Liability – if someone is injured, property is damaged or a law suit is filed against you and you become responsible or “liable” for the injury or damage.

**Property Coverage is divided into four sections:**

- ~ Dwelling – you should have enough coverage to rebuild your home. Remember that this figure is not related to the real estate purchase price.
- ~ Other Structures – you should have enough coverage to rebuild fencing, out buildings, retaining walls and hardscape.
- ~ Personal Property – this coverage is meant to help you replace your belongings. It is important to note that certain items may not be automatically covered, like jewelry, money or artwork.
- ~ Additional Living Expense or Loss of Use – this coverage helps you live elsewhere while your home is being rebuilt or repaired.

**How to determine your level of coverage:**

- ~ Work with your agent or a contractor to determine the rebuild cost of your home and other structures.
- ~ Basic Personal Property is often automatically set relative to your dwelling coverage. Make sure to inventory jewelry and other valuables to discuss with your agent.
- ~ Additional Living Expense is often pre-determined in your policy. Ask your agent to help you understand this coverage so you are prepared if you have a claim.
- ~ For Liability coverage, purchase as much as you can. It is not expensive and priceless when you need it. Consider an umbrella policy as well.

**A word about “endorsements”:**

- ~ Endorsements add, change or remove coverage on your basic policy.
- ~ Some important endorsements include Ordinance or Law (Code Upgrade), Extended Replacement Cost, Sewer Backup, Identity Theft, Personal Offense.

**Remember to be a good consumer: work to understand what you are buying and participate in choosing coverages that will benefit you at the time of a claim.**

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