

Understanding Insurance

What Homeowners Insurance Covers and Why It's Essential

Homeowners insurance is a critical safeguard that protects your home and finances from unexpected disasters.

While mortgage lenders require coverage, not all policies are the same. Understanding what homeowners insurance covers—and what it doesn't—can help you choose the right policy.

WHAT INSURANCE COVERS

A standard homeowners insurance policy typically includes dwelling coverage, which pays for damage to the home's structure caused by fire, storms or vandalism. It also includes personal property coverage, which protects belongings like furniture, electronics and clothing in case of theft or damage.

Liability protection is another key feature. If someone is injured on your property or if your pet damages a neighbor's home, liability coverage can help pay for medical bills or legal costs. Policies also include additional living expenses (ALE) coverage, which helps cover hotel or rental costs if your home becomes unlivable after a covered disaster.



© ADOBE STOCK

Most policies cover common risks like fires, windstorms and theft, but natural disaster protection varies by location. Homeowners in flood zones, earthquake-prone areas or hurricane regions may need additional coverage beyond their standard policy.

WHAT'S NOT COVERED

Standard homeowners insurance does not cover

flood or earthquake damage. If you live in a high-risk area, you'll need separate flood or earthquake insurance. Mold, pest infestations and normal wear and tear are also excluded, making regular home maintenance essential.

To avoid being underinsured, homeowners should check their replacement cost coverage. Some policies only cover actual cash value, which

deducts for depreciation and may not provide enough to rebuild. Upgrading to full replacement cost coverage ensures your home can be restored at today's construction prices.

Bundling homeowners insurance with auto or umbrella policies can often result in discounts. Comparing quotes from multiple providers and reviewing

coverage limits annually can help homeowners get the best protection for their needs.

Homeowners insurance provides financial security against unexpected damage and liability.

By understanding what's covered, reviewing policies regularly and filling in coverage gaps, homeowners can ensure they're fully protected when disaster strikes.



© ADOBE STOCK

Understanding Insurance

What Homeowners Insurance Covers and Why It’s Essential

Homeowners insurance is a critical safeguard that protects your home and finances from unexpected disasters.

While mortgage lenders require coverage, not all policies are the same. Understanding what homeowners insurance covers—and what it doesn’t—can help you choose the right policy.

WHAT INSURANCE COVERS

A standard homeowners insurance policy typically includes dwelling coverage,

which pays for damage to the home’s structure caused by fire, storms or vandalism. It also includes personal property coverage, which protects belongings like furniture, electronics and clothing in case of theft or damage.

Liability protection is another key feature. If someone is injured on your property or if your pet damages a neighbor’s home, liability coverage can help pay for medical bills or legal costs. Policies also include additional living expenses (ALE) coverage, which helps cover hotel or

rental costs if your home becomes unlivable after a covered disaster.

Most policies cover common risks like fires, windstorms and theft, but natural disaster protection varies by location. Homeowners in flood zones, earthquake-prone areas or hurricane regions may need additional coverage beyond their standard policy.

WHAT’S NOT COVERED

Standard homeowners insurance does not cover flood or earthquake damage. If you live in a high-risk area,

you’ll need separate flood or earthquake insurance. Mold, pest infestations and normal wear and tear are also excluded, making regular home maintenance essential.

To avoid being underinsured, homeowners should check their replacement cost coverage. Some policies only cover actual cash value, which deducts for depreciation and may not provide enough to rebuild. Upgrading to full replacement cost coverage ensures your home can be restored at today’s construction prices.

Bundling homeowners insurance with auto or umbrella policies can often result in discounts. Comparing quotes from multiple providers and reviewing coverage limits annually can help homeowners get the best protection for their needs.

Homeowners insurance provides financial security against unexpected damage and liability. By understanding what’s covered, reviewing policies regularly and filling in coverage gaps, homeowners can ensure they’re fully protected when disaster strikes.

REAL ESTATE 101



HOMEWISER GLOSSARY

Review Your Policy Annually

Home values and construction costs change over time. Reviewing your homeowners insurance policy each year ensures you have enough coverage to rebuild in case of major damage.

Replacement Cost: Replacement cost is the amount it would take to rebuild or repair a home at current market prices. Unlike actual cash value, which factors in depreciation, replacement cost ensures homeowners can fully restore their property after damage.

AD SPACE