

Consumer Shopping Guide *for* **Homeowners & Tenants** **Insurance**



New York State Insurance Department

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SOME BASIC TERMS

This guide is designed to give you a better understanding about the kind of homeowners, tenants, condominium owner or cooperative apartment owner insurance coverage that is best for you. In this guide, the words “policyholder” and “insured” refer to persons in relation to an insurance policy. The policyholder is the person (or persons) whose name appears on the policy (also referred to as the “named insured”), while an insured is a person entitled to benefits under the terms of the policy. Generally, an insured is any relative or dependent person in your care, if they are residents of your household.

You, as a consumer, should realize that insurance companies compete for your business on the basis of price, quality and service and use various marketing methods, such as the telephone, mail, television advertising, Internet Web sites, agents or sales offices, to make you aware of their products. Many insurers use independent agents to sell their products. An independent agent may represent one or more licensed insurance companies, and when you deal with an independent agent, you are, in effect, dealing directly with the company. Other insurance companies are direct writers that use only their own employees or sales representatives and Internet Web sites. You may deal with a direct writer by telephone, the Internet, mail or a visit to their sales office.



You may also contact an insurance broker who will represent you, not the insurance company. A broker does not usually have the power to issue policies or bind any insurance company to issue a policy. However, once a broker has found a company willing to issue you a policy, any premium payments you make to the broker are considered as if you had paid the insurance company directly.

CHOOSING A POLICY

When insurance policies are sold they are issued on either a monoline basis or as a package policy. A monoline policy contains only one type of coverages, such as liability insurance, while a package policy includes several different types of coverage, such as property insurance and liability insurance. A package policy is generally less expensive than insurance coverages purchased separately. Homeowners and tenants policies are



package policies that include property, liability, theft and medical payments coverages.

Standard types of insurance coverages on your home or apartment offer protection against the financial loss you might suffer if any of the following events occur:

- A. fire, windstorm, hail, tornadoes, vandalism, smoke damage and other physical damage to your home or belongings;
- B. theft of your personal property;
- C. someone gets injured on your property due to your negligence or that of a member of your family; or somebody else's property is damaged as a result of your negligence.

The events described in C. above would be covered under the liability portion of your policy.

Several basic types of homeowners and tenants policies are currently sold in New York State. The policies range from a basic package up to more comprehensive packages which, of course, are more expensive, but do provide greater coverage against more perils for both your home and possessions. Five policies provide coverage for owners who occupy one or two family houses; a sixth covers tenants of a house or apartment building or cooperative owners; and a seventh provides coverage for condominium owners.

It is important to be aware of the different perils (causes of loss) that are insured against in each type of policy. We are providing a comparison of the coverage offered under each of the policies described above. It is up to you to determine whether you need the most extensive type of coverage or whether your insurance needs can be met with a basic policy. Some of the coverage excluded under a policy, such as earthquake damage and power interruption, can be "bought back" for an additional premium. Correspondingly, some coverages listed under a policy can be excluded, such as off-premises theft, resulting in a reduction in premium. However, some coverage, such as flood insurance, are always excluded and the only way to obtain them is through Federal insurance programs which will be explained further in this guide. Be advised that some insurers may use trade names for their insurance products and do not label their policy forms as follows:

The Homeowners-1 (HO-1) policy or Basic Policy insures your home and contents against listed perils (see graphics on page 3). Very few insurers sell this policy and most offer more comprehensive policies, such as the Homeowners-3, that include these and other perils.

The following perils are covered under an HO-2; 4; 6; 9 Policy:



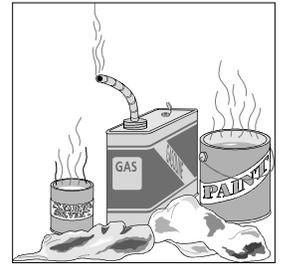
Fire, Lightning and
Smoke Damage



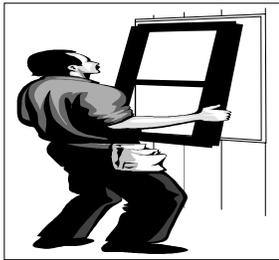
Windstorm and Hail



Burglary and Theft



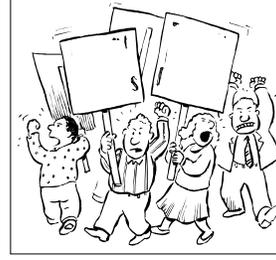
Explosion



Glass Breakage



Vehicle or
Aircraft Damage



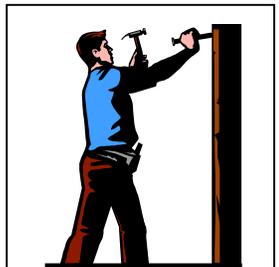
Riot And Civil
Commotion



Vandalism and
Malicious Mischief



Bodily Injury



Damage to
Property of Others



Civil Judgements



Medical Payment



Personal Property
(at Home)



Personal Property
(Away)



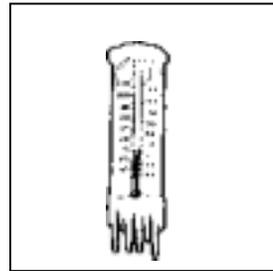
Additional Living Expense
(If forced to live away from home
temporarily)

The Homeowners-2 (HO-2) policy or Broad Form Policy, insures your home and contents against the perils in the HO-1 policy and other additional listed perils such as falling objects; weight of ice, snow and sleet; damage resulting from an accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire sprinkler system.

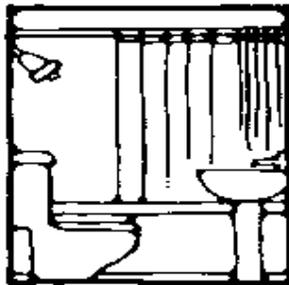
**The following additional perils are covered
under an HO-2; 4; 6; 9 Policy:**



Falling Objects



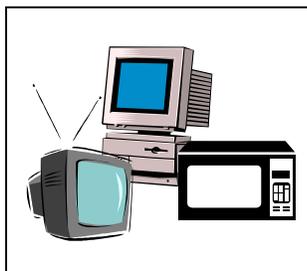
Weight of Ice or Snow



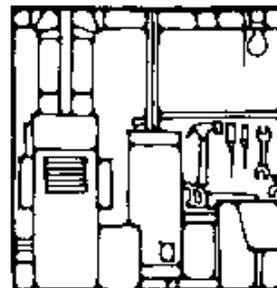
Water From
Plumbing
Systems



Freezing of
Plumbing Systems



Electrical Damage
to Appliances



Rupture of Water
Heaters and Heating
Systems

The Homeowners-3 (HO-3) or Special Form Policy is the most widely used policy by homeowners writers today. It is becoming the standard homeowners policy and many lending institutions recommend buying it. This policy covers your home for all risks of physical loss, except those that are specifically excluded, such as flood, earthquake, war, nuclear accident, etc. Check your policy for a complete listing of the excluded perils. Coverage for loss of your home's contents is also covered for many of the same perils for which your home is covered.

The Homeowners-5 (HO-5) policy or Comprehensive Form Policy protects your home against the same perils as the HO-3 policy. In addition, your personal possessions would also be covered for all risks of physical loss, except those risks that are specifically excluded. This extra protection may also be provided by purchasing a HO-3 policy with the "Special Personal Property" endorsement.

In addition, the Homeowners-8 (HO-8) or Market Value Policy is a modified version of the HO-1 policy, providing actual cash value coverage in place of replacement cost coverage for a building. In no event will the company's settlement figure exceed the amount necessary to repair or replace the dwelling. This policy form is generally used when the replacement value of the property exceeds its market value, as in the case of older homes which are considered "white elephants".

Tenants or Cooperative Owners Policies (HO-4) and Condominium Unit Owners Policies (HO-6) are policies that insure against damage to the contents of the apartment, cooperative or condominium and for personal liability of the insured when people are injured or suffer property damage in the insured unit.

It is not necessary for a tenant to insure the building in which he or she lives since that is the landlord's responsibility. The HO-6 policy does provide property coverage for any alterations, appliances, fixtures and improvements within the insured unit but condominium and cooperative buildings, and their common areas, should be insured through policies issued to the cooperative owners' and the condominium owners' associations.

Your homeowners and tenants policies will also reimburse you for increases in living expenses you have to pay when your home becomes uninhabitable because of damage caused by one of the covered perils. You must remember that not all living expenses will be reimbursed, only the difference between your normal living expenses and any additional living expenses. Examples of these types of expenses are hotel bills, restaurant bills, telephone bills, etc.

All of the above homeowners policies insure you for your personal liability when another person suffers bodily injury or property damage as a result of your negligence or the negligence of anyone who is an insured under your homeowners policy. Generally, you will also be protected if one of your pets injures anyone, however, if you have a dog which is considered a dangerous animal, such as a pit bull, the company may exclude

coverage for that pet or write the coverage for an additional premium. This may also be true for exotic pets, such as snakes, spiders, amphibians, etc.



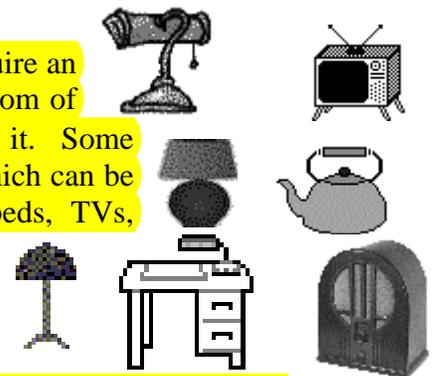
If an incident occurs at your home and someone is injured, your insurer will reimburse you for necessary medical expenses, generally up to a limit of \$500 or \$1,000. Examples of the types of expenses that would be paid are transportation to a hospital or doctor's office or a doctor's bill for necessary first aid. You should check your policy for specific details about this coverage.

HOW MUCH INSURANCE DO YOU NEED?

Evaluating Your Home and Personal Property

The first step in determining how much insurance you will need is to make an analysis of the value of your home (excluding the value of your land) and your personal property within it. In determining the value of your home, you must calculate how much it will cost to replace it if your home were totally destroyed. You can enlist the help of your insurance agent in determining this figure. In fact, most insurance companies make a physical inspection of your home when they first insure it. Using formulas that take into account whether your home is of brick or wood frame construction, total area, number of floors, number of rooms, etc., the company will be able to give you an accurate replacement cost value. In addition, although it would be expensive, you could also get an estimate from a contractor.

Determining the value of your personal property will require an extensive analysis on your part. You should go through each room of your house and list every piece of furniture and fixture within it. Some insurance companies provide Household Inventory Schedules which can be quite helpful with this task. Items such as sofas, tables, beds, TVs, refrigerators, and lawn mowers would be included in such a schedule.



As you compile your inventory you should supplement it with receipts indicating the purchase price and date of purchase and photographs of major items. Your inventory should be updated on an annual basis, or at the very least, whenever you purchase a large appliance or piece of furniture.

Some people periodically videotape all their possessions. If you videotape, make sure all the drawers and/or doors of your furniture are open so you have a record of what is stored. It would also be helpful if you are able to verbally describe major items and have an audiotape to go along with the videotape. When complete, you should store your inventory or videotape in a safe place away from your home, such as your safe deposit box. You might also want to store this information in the home of a friend or relative or in your workplace.

Actual Cash Value or Replacement Cost

Once you have determined the approximate worth of your home and its contents you must decide whether to purchase coverage on an actual cash value or replacement cost basis. If you purchase coverage on an actual cash value basis, your insurance company will determine any amount payable to you as a result of a covered loss by taking the current replacement cost of the contents and subtracting an amount for wear and tear and/or depreciation. It should be pointed out that there is no set formula for calculating depreciation. Not only may different insurers use different formulas, but various formulas may be used depending on the item that has been damaged, furniture vs. clothing vs. appliances, etc.

Structure

Generally, if you purchase coverage on a replacement cost basis and insure your home for at least 80% of its replacement cost, your insurance will automatically be issued on a replacement cost basis. Then, when you suffer a loss, your insurer would pay you the amount it would cost to replace or repair your home without deducting anything for depreciation. Of course, this type of coverage is more expensive than actual cash value coverage.

If you do not insure your home for at least 80% of its replacement cost, you will not receive full payment of your loss as the following example illustrates:

Ms. Jones and Mr. Smith both own 15-year-old frame houses. The estimated replacement cost of each house is \$100,000.

Ms. Jones is insured for \$80,000 (80%) while Mr. Smith is insured for only \$50,000 (50%).

Both homes suffer windstorm damage, which completely destroys both roofs. The cost to repair each roof is \$5,000.

Since she was insured for at least 80% of her home's replacement cost, Ms. Jones will be fully reimbursed for her loss, less any deductible.

However, because Mr. Smith did not have at least 80% coverage, his insurer will pay the greater of the actual cash value of the roof or the proportion of the cost to repair the roof which the total amount of insurance bears to 80% of the replacement cost of the building. The second method of payment reflects a co-insurance penalty since Mr. Smith did not maintain adequate insurance.

Assuming that the 15-year-old roof has an expected useful life of 25 years, its actual cash value is only \$2,000, computed as follows:

$$1 - \frac{(15(\text{age of roof}))}{(25 (\text{expected life}))} \times \$5,000 = \$2,000$$

However the proportional cost of repairing the roof would be computed as follows:

$$\frac{\$50,000 (\text{insured amt.})}{\$80,000 (80\% \text{ of repl. cost})} \times \$5,000 = \$3,125$$

After calculating these two formulas, Mr. Smith's insurer would pay him \$3,125, the greater amount of \$2,000 vs. \$3,125.

The replacement cost of your home must be estimated at the time you take out a homeowners policy. In most cases, insurance companies will inspect your home and use formulas that take into account a house's construction, size, quality, location, nationally recognized construction indices and other factors to approximate its current replacement cost. As a result of the increase in the value of homes in the 1980s, insurance companies have become more active in evaluating the replacement cost of homes that they insure and often require periodic updates of that cost.

Contents

Coverage for contents is usually issued on an actual cash basis in homeowners and tenants policies. This means that you probably will not receive the full amount needed to replace or repair the property that has been damaged or stolen. However, some insurance companies may sell you an endorsement that provides replacement cost coverage for the contents of your home. Replacement cost coverage generally costs an additional 10% - 15%.

MAINTAINING ADEQUATE INSURANCE

As previously discussed, if you do not insure your home for at least 80% of its replacement value, your claim will not be settled on a replacement cost basis. Therefore, it is important to review your homeowners policy periodically to determine whether you are carrying enough insurance to be fully covered.

The addition of a room, or other substantial home improvements, will also increase the replacement cost of your home, and you should adjust your coverage accordingly.

Due to inflation, the replacement cost of your home generally increase each year. To anticipate inflationary increase, most insurance companies offer policies that automatically increase the amount of insurance periodically. If you do not have such protections, you should be reviewing you policy each year to make sure your coverage is keeping pace with inflation.

Basic Amounts of Coverage and How to Add to the Basics

The amount of coverage available for personal property losses and other losses is generally related, by percentage, to the amount for which the dwelling is insured. The following shows this relationship for the most widely used policy form, the Homeowners 3, usually referred to as the Homeowners Special Form. The percentages used in the example below are amounts that generally provided by insurers. If you think you need coverage exceeding these percentages you should contact your insurer. Using a residence

insured for \$200,000 as an example, the following amounts or percentages would generally apply as additional property coverages:

Coverage	Amount	Percentage of Residence Limit
Garages, storage sheds, etc.	\$20,000	10%
Personal property on premises	\$100,000	50%
Personal property off premises	\$1,000	or 10% (whichever is greater)
Additional living expenses	\$40,000	20%

In addition to these limits on general categories of property, there are further limitations for specific types of property. Here are some examples of typical limitations:

- \$ 200 On money, bank notes, bullion, gold & silver;
- \$1,000 On securities, accounts, deeds, letters of credit, etc.;
- \$1,000 On watercraft (including trailers);
- \$1,000 On trailers not used with watercraft;
- \$1,000 For loss by theft of jewelry, watches, furs, and precious and semi-precious stones;
- \$2,500 For loss by theft of silverware, silverplated ware, goldware, goldplated ware and pewterware;
- \$2,000 For loss by theft of guns;
- \$2,500 On property on the residence premises used at any time or in any manner for any business purpose;
- \$ 250 On property away from the residence used at any time or in any manner for any business purpose;
- \$1,000 For loss to electronic apparatus (antennas, tapes, wires, discs, etc.) in or on a motor vehicle.

You must remember that the above special limits are not in addition to the total limit available for a personal property loss but part of that limit. These special limits represent the total amount that a company will pay for a loss of all property in that category. Therefore, if you have expensive jewelry, furs, cameras, or a coin, stamp, or sports card collection, you should consider insuring them separately by endorsement with a higher limit of coverage or by purchasing a separate policy, called a personal articles floater.

Increased Limits of Liability

The limits for personal liability and medical payments are not offered as a percentage of the residence limit and the medical payments limit is included within the personal liability limit. Generally, personal liability limits of \$100,000 per occurrence and medical payments limits of \$1,000 per person are sold to the public. Higher limits of liability for these two coverages can also be purchased.

Home Computer Coverage

In recent years, many people have purchased home computers for personal and business use. Since this equipment can be quite expensive it is important to be aware of how much coverage is available in the event of a loss. Normally, home computers used for personal use are subject to the limit available for personal property. However, if they are used for business, the company will only pay up to \$2,500, as shown previously. If you feel that you need higher limits for your business computer, you should contact your company, agent or broker to see if higher limits are available through the purchase of an additional endorsement or a separate policy.



If you do not purchase higher limits and use a laptop computer for business purposes, you should be aware that if it is lost or stolen, the location of the loss determines the coverage available. If the loss occurs at home, the coverage limit is \$2,500, while if the loss occurs away from home it is only covered for \$250.

Workers' Compensation Insurance

In 1985, the Insurance Law was amended to require that any policy that provides personal injury liability and is issued for a one-to-four family, owner occupied dwelling or condominium apartment also provide workers' compensation insurance. This insurance would apply to any employee working less than 40 hours per week, performing household chores or yardwork, in or about the residence. It should be noted, however, that certain classes of employees are exempt from coverage under the New York State Workers' Compensation Law. Anytime you hire someone to work for you, you should check with your insurance agent, broker or company to determine whether those employees would be covered under your policy.

Home Day Care Coverage

There is limited liability coverage under your homeowner's policy for day care activities. Ordinarily coverage is provided if you take care of one or two children for a mutual exchange of services. This means that if you take care of a friend's children in exchange for their day care services for your children, with no exchange of money, liability coverage will be provided under your policy.



If you provide day care services in exchange for money, it is considered a business enterprise and you must purchase additional coverage. Some companies will provide day care coverage for up to six children with a premium charge per child and provide a

separate limit of liability equal to the personal liability limit that is already provided under your policy. Premium charges vary from company to company so you must contact your insurance representative for more details concerning this coverage.

Your insurance agent, broker or sales representative will be able to discuss your insurance needs and provide help on the appropriate amount of coverage that you should buy.

PROBLEMS IN OBTAINING INSURANCE

If you are unable to find an insurance company that will sell you a homeowners or tenants policy, because of your residence's proximity to the coastline, or if you cannot obtain certain coverage, such as fire or flood insurance, you can turn to special insurance facilities. They include:

New York Property Insurance Underwriting Association (NYPIUA)

NYPIUA is a pool of all insurance companies writing fire insurance in New York State. It offers fire and extended coverage, as well as coverage for vandalism, malicious mischief, and sprinkler leakage to consumers who are unable to purchase this type of insurance from individual insurance companies. However, since coverage offered through NYPIUA is sold at a higher premium than coverage offered in the voluntary market (as a general rule, you can expect to pay 20% more), you and/or your agent or broker should make every effort to get this insurance from a voluntary insurer.

Detailed information is available from the New York Property Insurance Underwriting Association, 100 William Street, New York, NY 10038, (212) 208-9700, or from any licensed agent or broker in this state. Outside New York City, the toll-free information number is 1-800-522-3372.

National Flood Insurance Program (NFIP)

Insurance coverage for losses resulting from floods is for the most part not provided in any of the previously mentioned homeowners or tenants policies. However, property owners can purchase insurance protection against losses from flooding through the NFIP if they reside in a community, designated as a special flood hazard area which implements and enforces measures to reduce future flood risks. Residents of communities that initially participate in the NFIP are eligible for the Emergency Program providing a limited amount of insurance at federally subsidized rates. Once a community adheres to the more comprehensive floodplain management requirements of the NFIP, residents are eligible for the Regular Program under which they can purchase much higher amounts of insurance. The majority of New York State towns, villages and cities are participants in the NFIP.

This program allows homeowners, tenants, cooperative apartments, and condominium owners and condominium associations to purchase insurance which will protect their residences and contents against direct physical loss by flood, loss resulting from flood-related erosion and damage caused by mudslide. In certain cases, the NFIP will pay claims on insured buildings that are subject to imminent collapse or are sinking as a result of erosion so the building can be demolished or relocated before the damage occurs. However, you should read the policy carefully for exact definitions of physical hazards and specific requirements that must be met before the claims will be paid. In some instance, the amounts of claim payments are defined by statute.

Coverage amounts range from \$35,000 under the Emergency Program, up to \$250,000 under the Regular Program for a single family residential structure and from \$100,000 to \$250,000 for other residential structures. Contents coverage ranges from \$10,000 to \$100,000 for residential units. Higher deductibles, over the standard deductible of \$1000, are available which can help reduce the total cost of this insurance.

Additional information on this program can be obtained from your insurance agent or broker, or by contacting the NFIP at 1-888-FLOOD29 (356-6329) or TDD# 1-800-427-5593.

Coastal Residents Assistance

Some New York homeowners located near shore or waterfront areas have found it difficult to obtain or keep homeowners insurance. In order to address this problem, the Department has taken the following steps:

1. Established a Hotline (1-800-300-4593) where Insurance Department personnel will listen to your problem and help you obtain the needed coverage.
2. Established guidelines for windstorm deductible notices which must accompany any policy that contains such a deductible. The Department has permitted the use of windstorm deductibles as means of encouraging insurers' participation in the voluntary market.

Currently, 50 independent windstorm deductible programs (submitted either by individual insurers or groups) have been approved by the Department. Two rate service organizations (AAIS and URB) have filed and received approval for programs on behalf of their member companies that follow the Department's guidelines. ISO, another rate service organization, has filed and received approval for an optional windstorm deductible program which its insurer members may choose to adopt. The approved programs provide windstorm coverage subject to certain mandatory deductibles depending on the geographical location of the risk. The mandatory deductibles range from 1% to 5% of the insured amount, with optional deductibles available at higher percentages. The event which triggers the use of these deductibles varies widely from insurer to insurer. Some insurers use a Category One Hurricane as the triggering event while others use a Category Two Hurricane. In any event, the hurricane would have to be designated as such by either

the National Weather Service or the National Hurricane Center. Other insurers use either a specific mile per hour wind speed as a trigger or a mandatory \$500 deductible for all windstorm loss. A summary of all windstorm deductibles approved by the Department is provided in Appendix A.

Due to the increased use of windstorm deductibles by insurers, the Legislature enacted a new Section 3445 of the Insurance Law which called for insurers to provide proper disclosure to their insureds of any windstorm deductibles attached to their homeowners policies. The Department promulgated a regulation that set forth the information to be contained in the notice. In addition to outlining the specific information to be contained in the notice it directed insurers to attach this notice to all new and renewal homeowners policies issued on or after January 1, 1999. A copy of the regulation is provided in Appendix B.

3. Established guidelines for “wrap-around” coverage filings under which fire and extended coverage would be written through NYPIUA and the liability, theft and other coverages would be underwritten by a licensed insurer authorized to write wrap-around coverage. With the fire coverages from NYPIUA and the wrap-around coverages from a voluntary insurer, an insured can obtain the virtual equivalent of a full homeowners policy.

4. Established a Coastal Market Assistance Program (C-MAP), a voluntary network of insurers and insurance producers that assists New York homeowners in coastal areas find insurance coverages.

The program is for owner-occupied, one-to-four family dwellings in the Bronx, Brooklyn, Nassau, Queens, Staten Island, Suffolk and Westchester. On Long Island’s south shore and forks as well as in Brooklyn, Queens and Staten Island the dwelling must be located within one mile of the shore. On the north shore of Long Island and in the Bronx and Westchester, the home must be within 2, 500 feet of the shore to qualify for consideration.

Before applying to C-MAP, a homeowner must have been notified that an existing policy is being cancelled or non-renewed for other than non-payment of premium. In the case of the sale of real estate, the homeowner, or prospective property owner must be unable to find insurance through the voluntary market.

For information about C-MAP call the New York Property Insurance Underwriting Association at 212-208-9898.

WHAT TO DO BEFORE A LOSS

Unfortunately, some homeowners and tenants will suffer losses to their homes and possessions. Fortunately, there are steps that can be taken to minimize the amount of loss or extent of damage, and to make the filing and processing of a loss a little bit smoother.

As discussed previously, one thing that will make filing a claim for losses easier is the existence of a household inventory. In addition to a written inventory, it might be helpful to engrave your larger possessions, (such as televisions, VCRs, stereos, radios) with an identifying mark. This can be done with etching equipment that is usually available, on loan, from your insurance company or local police station. You can also purchase this type of equipment in a hardware or locksmith store. This type of engraving is especially important if any of your possessions are stolen and eventually recovered. You should also record the serial numbers of any electronic or computer equipment.

Smoke alarms, properly installed and maintained, can provide an early warning of a fire. This simple precaution could minimize the property damage caused by a fire and, more importantly, save lives. Some homeowners now have sprinkler systems in their homes. These systems can also minimize fire damage and save lives. Small fire extinguishers, strategically placed in your home, can help keep a small fire from becoming a much larger one.

You should inspect the locks on your front door or any other door that gives access to your home. The installation of dead bolt locks will certainly make entrance into your home more difficult. Basement windows, first-floor windows or any window opening onto a fire escape should be equipped with a window lock. Before installing iron bars or gates across your windows, you should check with your local fire department to find out if local fire ordinances prohibit the use of these devices.

In addition, the use of electronic security systems has increased over the past few years. These systems set off an alarm whenever someone enters a home without using an appropriate security code. For an additional annual fee, a central reporting station will notify your local police precinct whenever the alarm is triggered in this manner.

Coastal area residents have experienced major property damage from severe weather storms in recent years. These homeowners might want to consider installing hurricane/storm shutters and/or hurricane resistant laminated glass windows and doors. While these products are relatively new on the market, if a homeowner was considering replacing older windows and doors or having a new home built, they should consider using these products if they reside in coastal areas.

Some insurance companies offer discounts for installation of any of the above devices. In fact, they are required by law to offer discounts to any homeowner who has installed hurricane/storm shutters or hurricane resistant laminated glass windows and

doors. Check with your agent, broker or insurance company sales representative about whether you can take advantage of such a discount.

WHAT TO DO AFTER A LOSS

If you suffer a loss, the first thing to do is to notify your insurance company or its agent. You can do this by telephone, although it is a good idea to follow up with written notification. Remember, if you give the notice to your broker, rather than directly to the insurance company, you still have a responsibility to make sure that the insurance company receives notice of your claim.

It is also important to notify your insurance company promptly after any incident takes place that might result in a claim at some later date, even though no claim was made at the time the event occurred.



For example, if your dog bites a neighbor or a guest falls on your property, it should be reported to the insurance company even though you don't know whether any claim is actually going to be made against you. Your failure to notify the company promptly might allow it to deny coverage in the event a claim is filed against you at a later date.

It is also important to protect your property against further damages. For example, if the windows are broken, have them boarded up to protect against further vandalism or burglary. The cost of this type of protection is covered by, and would be reimbursed by your insurance company.

However, no permanent repairs should be made until your company or its representative has inspected the property. The company has the right to inspect the property in its damaged state, and can refuse to pay you for any damage that is repaired before inspection.

An adjuster will be sent from your insurance company to examine the damage and give you an estimate of the cost of repairs or replacement. You should also get an estimate from your own contractor to compare with the insurance company's estimate. Your contractor will probably charge a fee for this service but might credit that fee to your bill if you hire that contractor to repair and/or replace your property.

If you need assistance, your agent, broker or insurance company sales representative should help you fill out the claim form and help gather the materials you need to substantiate your loss.

In the event you are unfortunate enough to experience a major loss such as a fire or severe windstorm which has badly damaged or destroyed your home, and you are not in a position to negotiate a settlement with your company, you may want to consult an attorney or call a licensed public adjuster to act on your behalf with your insurance company.

Public adjusters are licensed by the Insurance Department. They represent you and not the insurance company. They will help you in taking inventory of your loss, securing your home from vandalism, contacting your insurance company, advising you on the extent of your coverage and help you secure the services needed to repair or rebuild your home. They will negotiate on your behalf with the adjuster from the insurance company.

A public adjuster may not charge a fee more than 12.5% of the recovery amount and must get a signed compensation agreement from you in which the amount of compensation is clearly stated. Such agreement may be cancelled up to midnight of the third business day after the date on which you have signed the compensation agreement. In addition, public adjusters may not solicit your business between the hours of 6 p.m. and 8 a.m.

Another alternative to consider when an agreement cannot be reached between you and your insurance company is the appraisal process. Every homeowner, tenant, cooperative apartment and condominium policy issued in New York contains a provision whereby you and your company select a competent and disinterested appraiser. The two appraisers, in turn, select an umpire. Each appraiser must evaluate the loss and determine the value of each item. Any disagreements between the appraisers regarding the value of any items are submitted to, and settled by the umpire. The costs of this process are paid by the policyholder and the insurance company.

CANCELLATIONS AND NONRENEWALS

Under the present law in New York State, an insurance company may cancel your homeowners or tenants policy by issuing a cancellation notice during the first 60 days it is in effect as long as the cancellation notice states the specific reason or reasons for the cancellation.

After your policy has been in effect for 60 days it may not be cancelled or nonrenewed for a three year period, except for the following reasons:

1. nonpayment of premium (however, if payment is received by the company within 15 days of the mailing of the cancellation notice the policy will not be cancelled);
2. conviction of a crime arising out of acts increasing the hazard insured against;
3. discovery of fraud or material misrepresentation in obtaining the policy or in the presentation of a claim under the policy;
4. discovery of willful or reckless acts of omissions increasing the hazard insured against;

5. physical changes in the property insured occurring after issuance or last annual anniversary date of the policy which result in the property becoming uninsurable in accordance with the insurance company's objective, uniformly applied underwriting standards in effect at the time the policy was issued or last voluntarily renewed; or

6. a determination by the Superintendent of Insurance that the continuation of the policy would violate or would place the insurer in violation of the Insurance Law.

At the end of this three year period, your company may refuse to renew your policy, however, by law, they are required to provide at least 45 days, but not more than 60 days notice of nonrenewal.

FILING A COMPLAINT

If you feel you have been treated unfairly by an insurance company, insurance agent, broker or adjuster, or any other licensee of the New York State Insurance Department, you are urged to bring this matter to the attention of the Insurance Department by filing a complaint. You may do this by mailing in the complaint form in the appendix of this Guide. You may also ask the Department to look into the situation by calling, writing or visiting the Department. The Department also has a Web site which contains a great deal of information for consumers on their homeowners insurance in addition to automobile, health and life insurance. If you have Internet access, our Web site address is www.ins.state.ny.us.

Our Consumer Services Bureau investigates complaints by policyholders and claimants against their insurance companies, agents, brokers or adjusters regarding claims, cancellations and other issues regarding homeowners insurance and other types of insurance. You may write or visit the Consumer Services Bureau at any of the following addresses:

New York State Insurance Department
One Commerce Plaza
Albany, New York 12257

New York State Insurance Department
25 Beaver Street, 5th floor
New York, New York 10004

New York State Insurance Department
65 Court Street, Room 7
Buffalo, New York 14202

New York State Insurance Department
200 Old Country Road, Suite 340
Mineola, New York 11501

Please note, however, that before the Insurance Department can begin its formal investigation, a complaint must be submitted in writing. However, complaints may be submitted electronically. Visit the Department's Web site at www.ins.state.ny.us, click on the box titled "Consumers" and follow the instructions under the topic "How to File a Complaint or Make an Inquiry Using Our Online Form."

For general information about your complaint, cancellation or nonrenewal, you may call:

New York City	212-480-6400
Albany	1-800-342-3736
Buffalo	716-847-7619
Mineola	516-248-5886
All Other Areas	1-800-342-3736

For information about homeowners and tenants insurance rates, discounts, policy forms and premium verification, you may contact:

New York State Insurance Department
Property Bureau, Homeowners Division
25 Beaver Street, 2nd floor
New York, New York 10004
1-800-522-4370 or 212-480-6293

THE COST OF INSURANCE

The premiums charged for homeowners and tenants insurance vary widely from company to company, so it pays to take the time and effort to shop around in order to get the best value for your insurance dollar.

The cost of homeowners and tenants insurance depends on a number of factors including location; age and type of building; the use of the building, i.e., residence and/or commercial enterprise; local fire protection; choice of deductibles; application of discounts; and the scope and amount of insurance coverage you purchase.

A brick building, for example, is more resistant to fire than a frame building and, consequently, costs less to insure against fire. The building's location also has a bearing on the cost of fire coverage, because some communities have better fire protection than others. Also, some areas have greater crime and vandalism problems than others, which also affects the cost of insuring against such losses.

Each of New York City's five boroughs constitutes a separate rating territory for homeowners insurance. In the remainder of the State, rating territories are based upon the quality of the community's public fire protection, ranging from Class 1 (the best protection) to Class 10 (unprotected).

If your policy contains a standard all peril deductible, such as \$250, you would collect the amount of any covered property loss, less \$250. With a deductible, the premium cost of your policy is lower than if there were no deductible. In choosing the deductible amount, you bear the burden of loss up to the amount you feel you can afford. Deductibles save money because the first dollars of the insurance are the most expensive to

buy. Contact your insurance company to see if they offer higher deductibles, such as \$500 and \$1,000, on your homeowners insurance coverage.

Hurricane deductibles are a relatively new feature in homeowners' policies. Insurers began offering or requiring hurricane deductibles following a series of catastrophes in the late 1980's and early 1990's, that caused major losses. The hurricane deductible is in addition to the standard all perils deductible contained in the homeowners policy.

Examine your policy carefully because many insurers require a hurricane deductible on homeowners policies depending on the location of the insured property. Most insurers who use these deductibles require them on insured properties located in Nassau and Suffolk counties and the five counties that make up New York City. In addition, several insurers require the deductible for the coastal areas of Westchester county.

A hurricane deductible is usually expressed as a percentage of the insured value of your house. The Department requires insurers to also express it as a dollar amount on the declarations page of any policy to which it is attached. For instance, if your home is insured for \$150,000 and a mandatory 5% hurricane deductible is applied to your policy, you would be responsible for the first \$7,500 of any loss as the result of a hurricane. If a hurricane causes \$10,000 worth of property damage to your home you are responsible for the first \$7,500 and the insurer is responsible for the remaining \$2,500.

You should also check with your insurance company to see if they offer premium discounts for the use of dead bolt locks, smoke alarms, fire extinguishers, sprinkler systems and security systems. Insurers are required to offer premium discounts if a policyholder has installed hurricane/storm shutters and/or hurricane resistant laminated glass windows and doors. All of these devices minimize losses and in some instances, may deter them.

Some companies offer what is called a multi-policy discount. If you purchase your homeowners and automobile liability policies from the same insurer, you may receive a small discount. In addition, you can probably purchase a personal umbrella policy with liability limits of \$1,000,000 or higher over your homeowners and automobile liability policies which might also be subject to a multi-policy discount.



COMPARISION SHOPPING



Comparison shopping makes sense and saves dollars. The price comparison tables that follow show the homeowners and tenants insurance premiums charged by 25 of the top writers (by premium volume) in New York State. This information shows rates that were in effect as of January 1, 2002.

The comparative premium tables show the average premiums for certain exposures for various rating territories in New York State. Average premiums are used since premiums vary according to the applicable protection classification.

The HO-2 and HO-3 homeowners policies reflect the premium for either a brick or frame dwelling insured for \$150,000 with a \$250 deductible, off-premises theft coverage, personal liability coverage in the amount of \$100,000 and medical payments coverage of \$1,000.

The HO-4 or tenants or cooperative apartment owners policy reflects the premium for either a brick or a frame dwelling with personal property coverage of \$25,000, personal liability coverage in the amount of \$100,000 and medical payments coverage of \$1,000.

The HO-6 or condominium owners policy reflects the premium for an apartment in either a brick or frame dwelling insured for the amount of \$10,000, personal property coverage of \$35,000, personal liability coverage in the amount of \$100,000 and medical payments of \$1,000. The HO-4 and HO-6 tables also reflect premium charges that take into account the number of units in the building, one to four or more than four.

When referring to these tables, you should remember that price is only one of many factors to consider when selecting an insurance company. You should look at other factors such as insurance company claim practices, reliability, the services provided by agents, brokers or insurance companies, and the particular coverages the company offers to meet your individual needs.

There are over 200 insurance companies that write homeowners and tenants policies in New York. Many of these companies may charge premiums that compare favorably with those of the top 25 writers whose average homeowners rates are shown in Appendix C. Appendix D of this guide includes the telephone numbers of these companies that you may use to obtain information on the availability of insurance and the filing of claims and/or complaints.

You should use these tables as a guide to the approximate price you would pay for a policy. While this guide attempts to provide the most current premium figures, you should remember that homeowners and tenants premiums do change due to competition

among insurers. In addition, the premiums do not reflect the dividends that some mutual insurance companies may pay their policyholders.

You should also read your policy carefully since the extent of coverage may differ somewhat from company to company. You should be aware of any co-insurance, the amount of deductibles and the types of exclusions contained in your policy. While you are shopping for insurance you may also find that some companies may include additional coverage without an additional premium, while others charge for every type of coverage added to the policy.