

## Rates

Rates in use by individual companies vary considerably. Homeowners and renters should “shop around” with agents for several companies before making a purchase decision. In comparing prices, you should be sure to compare identical coverage amounts and deductibles.

## Underwriting Requirements

Companies have different underwriting requirements governing the kinds of risks and homes they insure. Some of the things considered by companies are: condition and upkeep of property, age and value of your house, your credit history, previous claims and reasons for claims, and amount of insurance you are willing to carry.

## Cancellation/Non-Renewal

South Carolina state laws govern the cancellation and non-renewal of homeowners insurance policies. Under these laws, an insurer may cancel a new policy within the first 120 days for any reason by giving the insured a 30 day written notice of cancellation unless the reason for cancellation is for non-payment of premium. If the reason is non-payment of premium, only a ten day notice is required. After the first 120 days that a policy is in force, an insurer may only cancel the policy for the following reasons during the policy period:

1. Non-payment of premium;
2. Material misrepresentation of fact, which if known to the insurer, would have caused the company not to issue the policy;
3. Substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk during the writing of the policy;
4. Substantial breaches of contractual duties, conditions, or warranties; or
5. The loss of the insurer's reinsurance coverage for all or a significant portion of the particular policy.

An insurer cannot refuse to renew a policy unless they provide to the named insured written notice stating the date not less than 60 days if refusal to renew is effective between November 1 and May 31 or not less than 90 days if refusal to renew is effective between June 1 and October 31. These provisions went into effect June 11, 2007 for all policies issued or renewed on or after this date. If your policy was in existence prior to the effective date of the Omnibus Coastal Property Insurance Coverage Act, the law requires only a 30 day notice of cancellation and that a specific reason for the cancellation be provided.



## Unable to Locate Homeowners Insurance?

### SC MarketAssist

**SC MarketAssist**, the market assistance program offered by the Department, helps consumers find insurance coverage by connecting them with agents and companies. The initial phase of this new program is focusing on property coverage for homeowners in the coastal communities of South Carolina. You may view a list of agents and companies participating in the **SC MarketAssist** program to help your search or ask those agents and companies to contact you directly. Please visit the Department's website, [www.doi.sc.gov](http://www.doi.sc.gov) and search under the Market Assistance tab, [marketassist@doi.sc.gov](mailto:marketassist@doi.sc.gov).

The Department monitors the insurance market conduct activity for the companies licensed to transact business in South Carolina. Our agency assesses each individual company and the market as a whole to ensure that the needs of our consumers are being met. Appropriate action is taken if problems are identified.

# HOMEOWNERS INSURANCE

A Guide: Selecting, Purchasing and Maintaining Homeowners Insurance

## Why You Should Insure Your Home

Regardless of whether you live in a house or an apartment, you should protect your home and its contents from unexpected losses like fire, theft, or storm damage. Homeowners and renters insurance can help you cover losses you cannot afford.

If you own your own home, you should insure both the house and the contents. In fact, most lenders require home buyers to have homeowners insurance.

You should also protect yourself with liability insurance in the event that you become legally responsible for injury to others or damage to their property.



## Where To Begin

If you own a home, consider property and liability insurance that comes in a homeowners package policy. Property insurance covers the home and the contents. Liability insurance protects the homeowner against damages caused to others.

Learn about the kinds of coverage so you can choose what is right for you. Have the agent explain everything in detail especially regarding what the policy will and will not cover.

### Selecting An Agent

Selecting an agent can be made easier if you know what you are looking for. You can buy insurance from agents who sell policies for one company or several companies. For information about licensed or approved insurers, call the SC Department of Insurance.

*“It is important to routinely read and review your insurance policy to determine if you have the appropriate amount of coverage for your home and property. Shop smart and shop around for the best coverage to suit your needs at the best price.”*

– Ray Farmer  
Director

### What May Not Be Covered:

- Earth movement
- Sewer back-up
- Flood
- Surface water run-off

*Be sure to ask your agent about coverage for these and other specific perils.*



## Kinds of Policies

Although you can buy separate policies for theft, liability, and other perils, it is usually cheaper to buy a package policy, similar to a homeowners policy that would afford you the broadest coverage. Homeowners policies apply to most dwellings with up to 2 families but are different for condos and apartments.

**Renters Insurance** is an important coverage to have if you rent an apartment or a house. You must purchase your own liability and personal property (contents) coverage. Liability coverage protects you as a renter in the same way it does a homeowner.

A renters policy insures your household contents against listed perils and may cover liability and additional living expenses. The landlord or owner of the property is responsible for insuring the building or structure.

**Perils** are events that cause damage to property such as fire, windstorm, or theft. The more perils your policy covers, the more it costs. Most insurance companies offer similar types of coverage, but there are differences.

**REMEMBER**, no homeowners policy covers flood damage. Talk with your agent about the need for a separate flood policy. You may also contact the National Flood Insurance Program at 800-427-4661 or visit



## Basic Homeowners Coverages

**Property Damage** coverage pays for loss or damage to your home, its contents (like your furniture, TV, clothes, and jewelry) and detached buildings on your property (like a garage or a tool shed). You will have a deductible with each property claim. A **deductible** is how much you agree to pay out of your pocket for losses before your insurance company begins to pay. The deductible amount appears on the declarations page of your policy. The amount of coverage is based on the type of policy you buy—actual cash or replacement cost.

**Actual Cash Value** means payment is limited to the depreciated value of each item at the time it is damaged, destroyed or stolen. Depreciation is the decrease in home or property value due to age or wear and tear since it was built or purchased.

**Replacement Cost** means brand-new items would be bought to replace or repair your home and/or its contents. Most of the time, to have replacement cost coverage, you must insure your home for at least 80% of the cost to build the home at today's prices. Replacement cost coverage is not available on all policies. You must check with your agent for details. Although the cost is more expensive it usually is worth it. You must tell your agent that you are interested in this option. Please be aware that you will likely not be able to get replacement cost coverage for some items such as valuable art, antiques, photographs and stamp collections. There are also special limits on some valuables such as furs, jewelry, firearms and electronic equipment. However, you can purchase more coverage for an additional premium charge.

## Types of Homeowners Coverage

*The following information is not intended to interpret exact coverage or policy conditions, but rather to provide a basic guideline to the homeowners contract.*

For people who own their own homes, the following items are generally covered. For those individuals that own condominiums or rent apartments or houses, only items C through are covered:

- (A) Your home (dwelling) and attached structures. Materials and supplies for construction or repairs are also covered if they are on your premises or adjacent premises.
- (B) Other structures located on the premises if they are not used for business or rented to others. The amount of coverage is up to 10% of the dwelling amount and may be increased.
- (C) Personal Property (contents) owned or used by you anywhere in the world. The limit of coverage for property located at another residence owned or rented by you is limited to 10% of your contents limit or \$1,000, whichever is greater. The Personal Property (contents) amount is generally 50% of the dwelling amount and may be increased. Certain kinds of property are excluded from coverage; for example, motor vehicles, aircraft, birds, fish or animals. Coverage for certain kinds of property such as jewelry, furs, money, firearms, business property and silver is limited. Be sure to review your policy carefully to see what is limited or excluded. You may need to purchase specific insurance to cover certain items.
- (D) Additional Living expenses for the payment of the extra expense above your usual cost of living if your home is damaged by an insured peril and you must live elsewhere while it is being repaired. It also pays loss of rental income if the rental portion of your home is damaged.
- (E) Your Personal Liability for sums which you may become legally obligated to pay as damages for bodily injury or property damage to other people caused by your negligence.
- (F) Medical Expenses for each non-resident who sustains bodily injury caused by an accident on your premises. Medical expenses can be paid even if you are not legally responsible. Check your policy for details.

## Factors That May Affect The Rating of Your Homeowner's Insurance Policy

There are three major factors that determine the premium to be charged for insuring your home. They are: construction of the dwelling, quality of the fire protection available in the area in which you live and the geographical area of the state in which you live. These factors are measured in the following manner:

**Construction** - There are four construction classes but generally most dwellings fall into the two most common construction classes, frame or brick veneer. Masonry is rated the same as brick veneer.

**Fire Protection** - The Insurance Services Office grades fire protection on a scale of 1 to 10, with Class 1 being the best. The grade depends on the size and physical characteristics of the municipality or governmental entity; the size of the fire department, its personnel, training and equipment, the available water supply and pressure; and other recognized fire rating standards.

**Territory** - South Carolina is divided into three primary geographical territories based on exposure to windstorm damage, inland, seacoast and beach. However, the inland territories may be further subdivided based on overall or total loss experience. The lowest rates are for the inland territory and the highest rates are in the beach area where exposure to windstorm damage is highest.

Contact the Department:

**South Carolina**

**Department of Insurance**

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