GENERAL INFORMATION

Homeowner's insurance is not required by law in Hawaii. Your lender, however, may require insurance on your home for the duration of your mortgage. Homeowner's insurance provides protection for your dwelling, personal property, and on-site buildings if damaged or destroyed by a covered peril. Perils are events (i.e. fire and explosion) which cause damage to property. Aside from property coverage for your home and outbuildings, each policy usually contains four additional coverages: personal property, additional living expenses, personal liability, and medical payments.

This guide provides a general overview of homeowner's insurance in Hawaii and is not intended to replace reviewing your policy. Keep in mind, insurers may have varying definitions of policy language and charge different rates for the same coverage. We encourage you to review your policy with your insurance agent to ensure your current provisions best suit your coverage needs.

TYPES OF HOMEOWNER'S INSURANCE POLICY FORMS

While coverage descriptions may vary, most insurers use one or more of the following policy forms. Comprehensive Form (HO-5), not listed, provides the broadest coverage but is uncommon.

<table>
<thead>
<tr>
<th>Policy Form</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASIC FORM (HO-1)</td>
<td>Named peril coverage: fire, lightning, windstorm excluding hurricane, hail, explosion, vandalism or malicious mischief, damage by vehicles, aircraft and riots. Since few homeowners select this limited policy, many insurers no longer offer Form HO-1.</td>
</tr>
<tr>
<td>HOMEOWNER'S POLICY FORMS</td>
<td>In addition to the Basic Form (HO-1) coverages, this form also insures a home and personal property for collapse or damage from falling trees and other objects, and (under certain conditions) from steam and water damage.</td>
</tr>
<tr>
<td>SPECIAL FORM (HO-3)</td>
<td>Open peril coverage excluding the following: flood, surface water, sewer backups, tidal waves, earthquakes, landslides, war, nuclear radiation, and hurricane. Personal property only covered for the same perils as the Broad Form (HO-2).</td>
</tr>
<tr>
<td>RENTER'S POLICY FORM</td>
<td>This policy provides renters personal property protection against the same perils as the Broad Form (HO-2) and includes personal liability protection. Unlike the other policy forms, the renter's HO-4 form only incorporates coverages C through F.</td>
</tr>
<tr>
<td>UNIT-OWNER'S POLICY FORM</td>
<td>This condominium and townhouse unit owners form offers coverage for the building (including common walls and grounds) and associated liability.</td>
</tr>
</tbody>
</table>

POLICY COVERAGES

Every homeowner's policy (except for HO-4) includes the following six coverages. If your policy's standard coverage is inadequate, endorsements may offer specialized coverage to meet your needs.

| Coverage A | Covers main house damage. The coverage limit is typically set at or near the replacement cost of the home. For Condo Unit-Owners (HO-6), limit usually the declared value by insured. |
| Coverage B | Covers damage to other structures on the lot, such as detached garages/carports and storage sheds. |
| Coverage C | Covers damage to or loss of personal property. |
| Coverage D | Covers additional living expenses (incurred by the insured) to continue the "normal" standard of living when the house cannot be occupied due to a covered loss. |
| Coverage E | Covers personal liability exposures. Protects against a claim/lawsuit resulting from (non-auto & non-business) bodily injury or property damage to others caused by your negligence. |
| Coverage F | Regards of who is at fault, this coverage pays for reasonable medical expenses for persons (other than you or residing family members) accidentally injured on your property. |

TYPES OF VALUATION

Replacement cost is the amount necessary to replace, rebuild, or repair your home/property without deducting for depreciation. Depreciation is the decrease in an asset's value due to age, obsolescence, and/or "wear and tear." Many insurers require policyholders to insure their homes for at least 80% of its replacement value.

Actual cash value (ACV) is the cost to replace, rebuild, or repair your home/property after deducting for depreciation. Most homeowner policies cover personal property on an ACV basis.

PREMIUM DEVELOPMENT CONSIDERATIONS (VARY BY INSURER)

Your premium may be based on, but not limited to, the following factors: type of construction, loss prevention devices, public protection class, deductible level, amount of insurance, and policy form.

BUYING INSURANCE FOR YOUR HOME

The key to insurance comparison shopping is identifying your desired deductible levels, coverage limits and provisions before getting premium quotes. Once your ideal policy parameters are selected, the quotes you receive should be on an "apples to apples" comparative basis. After obtaining multiple premium quotes, your personal preference dictates the importance of the following considerations: premium cost, service and financial stability. Generally, financial ratings from reputable sources (i.e. A.M. Best and Moody's) indicate an insurance company's financial "heath" and ability to pay claims. Note: If your agent only represents one insurance company, you may need to contact an independent agent to obtain competing quotes.
Assumptions and Dwelling Characteristics Same as Above

Your Condominium insurance premium may be affected by, but not limited to, the following considerations: coverage limits, deductible levels, loss preventative devices (i.e. security system) and previous claims. Each insurer may have unique rating factors associated with these risk classifications so your current or quoted premium could vary from these sample indications. Please contact your agent to obtain quotes that account for your home's specific attributes and desired coverage provisions.

Assumptions and Dwelling Characteristics Same as Above

These sample premiums INCLUDE Hurricane coverage

WHAT IS A PUBLIC PROTECTION CLASSIFICATION?

Public Protection Classification (PPC) is a rating criterion that measures a community's fire protection capabilities. PPC community grading is based on Fire Department characteristics, available water supply, and communication system. The majority of Oahu properties are classified as a PPC 3. If you live in Tantalus or Waialua, please contact your agent to verify your property's classification. Generally, dwellings located more than 5 road miles from a recognized fire station and 1000 feet from a 4" hydrant are a PPC 10.

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Sample PREMIUM vs. YOUR CURRENT OR PROSPECTIVE CONDOMINIUM OWNERS PREMIUM

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**SAMPLE ANNUAL CONDOMINIUM UNIT-OWNERS INSURANCE PREMIUMS - NEIGHBOR ISLAND**

The Hawaii Insurance Division of the Department of Commerce and Consumer Affairs provides this sample premium comparison of licensed insurance companies transacting Homeowners insurance in Hawaii as part of our continuing effort to assist and educate consumers.

**Hurricane Insurance**
Hurricane insurance supplements your homeowner's policy by covering property damage due to hurricanes. For information about homeowner's hurricane insurance, please visit [www.hawaii.gov/dcca/hurricane-insurance.html](http://www.hawaii.gov/dcca/hurricane-insurance.html).

**CONDO OWNERS POLICY (HO-6) ASSUMPTIONS**

**BUILDING CHARACTERISTIC ASSUMPTIONS**

- Hip, asphalt shingle Roof
- Primary residence, no claims in 5 yrs. Add'l Foundation anchors
- Flat, torched membrane DED (below)
- None Hurricane roof clips
- Hurricane roof clips

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- Hurricane roof clips

**Hurricane Policy Assumptions**

- Wood (Single-wall)
- Masonry

**Hurricane Insurance Supplements Added**

- Assumptions and Dwelling Characteristics Same as Above

**PUBLIC PROTECTION CLASSIFICATION**

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**Premiums**

**PREMIUM VS. YOUR CURRENT OR PROSPECTIVE HOMEOWNERS PREMIUM**

The premium cost of your Condominium insurance policy may be affected by, but not limited to, the following considerations: coverage limits, deductible levels, less preventive devices (i.e. security system) and previous claims. Each insurance company may have unique rating factors associated with these risk classifications so your current or quoted premium could vary from these sample indications. Please contact your insurance agent to obtain quotes that account for your home's specific attributes and desired coverage provisions.

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