

2017
Kansas Insurance Department

Auto
and
Homeowners
Insurance



Ken Selzer, CPA
Commissioner of Insurance

Auto & Homeowners Insurance

Dear Kansas consumer,

One of my goals as insurance commissioner is to help you be an informed buyer of insurance products. It is my belief that the best way to maintain a healthy, competitive insurance marketplace is to provide consumers with the tools they need to understand and compare insurance policies and premiums.

This booklet is designed to give you a general understanding of auto, homeowners, and other types of housing insurance coverages.

For more information about your specific insurance needs, contact your insurance agent. This guide is just a general tool. It is not a replacement for the detailed information found in your insurance policy.

If you have questions or need assistance understanding insurance issues, don't hesitate to contact the Kansas Insurance Department's Consumer Assistance Hotline toll-free at **800-432-2484**. Our trained staff is dedicated to helping answer your insurance questions and finding solutions to your problems.

Sincerely,



Ken Selzer, CPA
Commissioner of Insurance



Table of Contents

Part I: Auto Insurance

Chapter 1: What you need to know	2
Chapter 2: Evaluate your needs	8
Frequently Asked Questions	13
Chapter 3: Other resources	16
Motor vehicle accident checklist	17

Part II: Homeowners & Renters Insurance

Chapter 4: Homeowners insurance	19
Chapter 5: Other types of housing insurance	29
Chapter 6: Claims settlement and other resources	35
Frequently Asked Questions	37
Glossary of Terms	40

Chapter 1

What you need to know

Types of coverage

When you purchase mandatory personal automobile insurance, your policy contains several types of individual coverage. Each type of coverage provides insurance protection against a different type of loss.

The following is a brief description of the basic coverages in a personal automobile insurance policy contract.

Bodily injury liability* provides coverage for medical expenses, rehabilitation and other covered costs if you and/or your family are negligent in causing injury to another person in a motor vehicle accident. It also covers claims brought against you regarding settling lawsuits and the costs of your legal expenses.

Property damage liability* provides coverage when you and/or other insureds in your household are negligent in causing damage to another person's personal property following a motor vehicle accident. Coverage applies for repair or actual cash value of the other party's personal property. Actual cash value (ACV) is the amount it would take to repair or replace property after depreciation (wear and tear). It also covers any legal expenses brought against you and/or other insureds in your household.

Personal injury protection (PIP)/Kansas no-fault* provides coverage for medical expenses, rehabilitation, funeral expenses, lost wages and in-home assistance for you and your passengers injured in a motor vehicle accident, regardless of who could be held at fault for causing the accident. To receive PIP benefits,

a passenger injured in your motor vehicle would file a PIP claim with his or her respective insurance company.

Uninsured/underinsured motorist protection* provides coverage for expenses associated with bodily injury caused by an uninsured or underinsured motorist.

Comprehensive (sometimes referred to as "other than collision" in your policy) provides coverage for damage caused to your own motor vehicle by fire, theft, windstorm, hail or other losses.

Collision provides coverage for the repairs or actual cash value of your own vehicle incurred in a motor vehicle collision or rollover.

Although comprehensive and collision coverage aren't required by state law, a lender/bank may require them until the vehicle loan is paid off.

Kansas minimum mandatory coverages and limits

Kansas law requires that every personal automobile insurance policy sold in the state have these minimum coverages:

Liability coverage

- \$25,000 per person — bodily injury
- \$50,000 per accident — bodily injury
- \$25,000 per accident — property damage

**The four types of coverage listed above are mandatory in accordance with Kansas financial responsibility laws.*

Chapter 1: What you need to know

Personal injury protection (PIP)/ Kansas no-fault

- \$4,500 per person — medical expenses
- \$900 per month for one year — disability/loss of income
- \$25 per day — in-home services
- \$2,000 — funeral, burial or cremation expenses
- \$4,500 — rehabilitation expenses to train for re-employment
- \$900 per month for one year — disability/loss-of-income survivor benefits
- \$25 per day for up to one year — survivor benefits

Uninsured/underinsured bodily injury (not property damage)

- \$25,000 per person — bodily injury
- \$50,000 per accident — bodily injury

You may buy a policy that exceeds these minimum amounts. The Kansas Insurance Department strongly suggests you purchase as much liability coverage as you can reasonably afford in order to protect yourself and your assets. Talk with your agent about your personal needs.

Optional coverages

Optional additional coverages are available to you. Consult with your insurance company or agent/agency about what coverages you may need.

Rental reimbursement

This coverage provides for a limited daily amount for rental car charges while your motor vehicle is repaired for covered damages. Policies generally limit the maximum dollar amount and the number of days the coverage is in force per occurrence.

Excess medical payments coverage

This coverage provides for necessary excess medical amounts over and above those paid under PIP/Kansas no-fault benefits.

Umbrella liability policy

This policy provides an additional \$1 million to \$5 million limit of liability coverage beyond the limits of your primary personal automobile liability coverage. This excess personal liability coverage pays only after you exhaust the limits of the primary policy. The insurance company providing umbrella liability coverage generally will require you to maintain certain limits on your underlying basic coverages.

The same company generally issues both policies. Some companies will offer umbrella liability policies only if you have primary coverage for your vehicles and home through that company.

Rental vehicles

If you are in a motor vehicle accident and the other party is determined to be at fault or legally responsible for your damages, you are entitled to reasonable compensation for loss of the use of your vehicle while it is repaired. In some cases, a company may offer you a rental vehicle rather than monetary compensation. If the insurance company considers your vehicle a total loss, reasonable compensation for the loss of the use of your vehicle may be offered, but is not required by Kansas law.

Once the insurance company establishes a fair retail market value or actual cash value for your motor vehicle and makes a reasonable loss settlement offer to you, the insurance company may withdraw further payment for a rental vehicle.

Chapter 1: What you need to know

If you are renting a motor vehicle from a rental car company, your policy with your personal automobile insurance company may **not** automatically provide required liability insurance protection.

If your personal auto policy covers the mandatory liability amounts for a rental car, you may want to request a written statement from your insurance company/agent/agency to that effect. If it doesn't, you should purchase extended liability insurance protection from your insurance company or the rental car company.

If you were to be in a wreck, you would be responsible for any physical damage caused to a rental vehicle while in your possession. The rental car company will refer to its coverage as a "collision damage waiver." This waiver will cover any gaps in your personal auto policy. Coverage is considerably more expensive from a rental company. Check with your insurance agent to determine if there are gaps in your coverage before you rent a vehicle.

Providing proof of insurance

In Kansas, you are financially responsible for any motor vehicle accident you cause. To comply with state laws, owners of highway-titled vehicles must purchase at least the minimum mandatory insurance coverages and limits. In accordance with Kansas laws, you are required to provide proof of insurance, which may be an insurance binder, policy and/or identification card. You may be required by the following to provide proof of personal automobile insurance:

- A law enforcement officer.
- At the scene of a motor vehicle accident.



- At the county treasurer's office when you register or renew your motor vehicle tags.

Failure to comply with Kansas law may result in a monetary fine and/or driver's license suspension.

Chapter 1: What you need to know

Termination of your personal auto policy

An insurance company may terminate your coverage under certain circumstances. Coverage may be canceled or nonrenewed. Cancellation means the company terminates your policy before it expires. Nonrenewal means the company refuses to renew your policy when it expires. Different laws apply to each.

Cancellation

During the first 60 days of coverage under a new policy, the insurance company can cancel your policy for any lawful reason. After 60 days, Kansas statutes specifically state that your personal automobile insurance policy may not be canceled except for the following reasons:

- Nonpayment of insurance premium and/or any installment when it is due. There is no grace period.
- Insurance obtained through fraudulent misrepresentation.
- Violation by the insured of any of the terms and conditions of the policy.
- The insured, a family member or a person customarily operating the insured's motor vehicle with permission has:
 - a) had his or her driver's license suspended or revoked during policy period.
 - b) is subject to epilepsy or heart attacks and cannot produce a physician certificate indicating the insured's ability to operate a vehicle.
 - c) been convicted during the 36 months immediately preceding the effective date of the policy or during the policy period for any of the following:

- (1) any felony.
- (2) vehicular homicide.
- (3) operating a vehicle while intoxicated or under the influence of drugs.
- (4) leaving the scene of an accident without reporting the accident.
- (5) theft of a motor vehicle.
- (6) making false statements on a driver's license application.
- (7) committing three moving violations within an 18-month period.

The company must give at least a minimum of 30 days' written notice of the cancellation, except in the case of nonpayment of premium.

Nonrenewal

An insurance company must offer renewal of your personal automobile liability insurance coverages *unless* one of the following applies:

- The insurance commissioner requires the company to reduce its number of policies in order to preserve its financial integrity.
- The company no longer does business in Kansas.
- The company shows competent medical evidence that the insured has a physical or mental disability that impairs driving in a safe and reasonable manner.
- The company determines that a substantial change in risk has occurred that was not known at the time the policy was issued or last renewed.
- The policy has been continuously in effect for a period of five years after the first anniversary date.
- Any of the reasons that allow for cancellation.

Chapter 1: What you need to know

An insurance company must give at least a 30-day written notice of its intent not to renew. This 30-day period will allow you to look for new insurance coverage.

Who to contact to file a claim

Contact your insurance company or agent/agency about any motor vehicle accident, regardless of fault. You should notify the insurance agent or company while the details are fresh in your mind. If you report a claim by telephone, follow up in writing. Cooperate with the insurance company's investigation.

If you feel the other party is responsible for damages to your motor vehicle or other property, you will need to contact that person's insurance company or agent to file a claim. The insurance agent or company's representative will be able to inform you of the proper procedure, such as whether you will need to obtain estimates from local repair shops or from the insurance company's claim representative.

If you suffer injuries and you are a titled owner of an insured motor vehicle, you should notify your own insurance company because your PIP/Kansas no-fault benefits will be the first to cover medical expenses incurred by you, regardless of who is at fault.

Claim investigation time frames

The insurance company has 30 days to complete an investigation of your claim. If it



has not completed its investigation within 30 days, it must provide a reasonable explanation for taking longer. It is in the best interest of the insurance company to investigate any claim promptly so that valuable evidence is not lost or destroyed. However, there are no provisions requiring an insurance company to settle your claim within a certain period of time.

When a vehicle is declared totaled

Kansas law provides for prompt, fair and equitable settlements when determining the fair retail market value of a damaged motor vehicle. If the damage to the vehicle meets or exceeds 75% of its retail value and the vehicle is 7 years old or less, the company must declare the vehicle a total loss. Cars older than 7 years may vary. In the event the damage is caused by windstorm or hail, the insurance company will base its decision on whether it will cost more to repair the vehicle than its retail market value. When determining its fair retail market value or actual cash value (ACV),

Chapter 1: What you need to know

the company might use professional dealer associations' used car guides.

The company may offer to let you keep your vehicle by deducting the salvage amount from their total loss settlement to you. You should be aware that if you choose to retain your vehicle, you may be required to register a salvaged title with the Kansas Department of Revenue.

When a vehicle is to be repaired

Estimates

Insurance companies do not have to settle a claim based on the highest estimate of repair. If a company believes the estimates are too high, it has the right to check with other repair facilities. The insurance company's offer needs to cover the actual repair costs to restore the damaged motor vehicle to pre-loss condition. If you choose to take your vehicle to a more expensive repair facility, you will be required to pay the difference.

Repair

The insurance company can repair a vehicle with other-than-original manufactured parts, commonly referred to as after-market parts. In addition, the company may also repair your vehicle with used or salvaged parts provided they are of like kind and quality.

If the insurance company decides to repair the damage, it should issue the claim settlement check in your name. A check should only be issued to the repair firm if you signed an authorization for the firm's name to also appear on the check. If it is a first-party claim and a lien holder is named on your insurance policy, the insurance company should include the lien holder's name on the claim settlement check.

General information

Seeking damages for pain and suffering

Pain and suffering lawsuits may be filed only under certain conditions. In Kansas, you are prohibited from seeking damages for pain and suffering under the at-fault party's bodily injury coverage unless your medical bills are \$2,000 or more, or unless the injury consists of one of the following:

- permanent disfigurement
- a fracture to a weight-bearing bone
- a compound, comminuted (pulvarized), displaced or compressed fracture
- loss of a body part
- permanent injury
- permanent loss of bodily function
- death

If you recover damages and there is any duplication of the payment your company made to you under the personal injury protection benefits, you are responsible for reimbursement to your insurance company.

Chapter 2

Evaluate your needs

How your premiums are determined

Companies can consider chargeable accidents for rating purposes for 3 - 5 years per accident. A chargeable accident is anything your company writes a check for. The percentage and amount of a surcharge may vary between companies.

Underwriting

Just because you apply with a particular insurance company does not mean the company has to provide insurance coverage to you. **Underwriting** is a process in which an insurance company determines if the risk you present to the company meets the standards or guidelines it has established for you to obtain or retain insurance coverage with the company. Underwriting takes into account factors about you, factors about other insureds in the household and your driving habits.

Eligibility into a personal auto insurance rating plan

If you are approved for coverage from an insurance company, some of the rating factors that will influence your premium rate are the driving record of individuals in the household where you reside; how you use your vehicle (for recreation or traveling to work); make and model of motor vehicles to be insured; where you and other applicants/insureds drive and reside; your gender; your age and most recent prior insurance coverage (whether your coverage was canceled or not renewed). An insurance company will offer you a policy in one of three rating categories:

Preferred

This category is intended for drivers who are considered by insurance companies to be the best insureds because they usually are the safest drivers, present the lowest risk factors and are least likely to file a claim. These types of drivers usually have had no moving traffic violations and/or chargeable accidents during the past three to five years. The premium charge for these types of drivers will be the lowest.

Standard

This category is for moderate-risk drivers. These drivers are usually driving family-type motor vehicles and have a reasonably clean driving record with no more than one moving traffic violation and no chargeable accidents during the past three to five years. The premium charge for this category of personal automobile insurance will be higher than for the preferred program.

Nonstandard

This category is for drivers who insurance companies consider to be high risk. These types of drivers may be younger than 25; have less driving experience; have had moving traffic violations and/or chargeable accidents during the past three to five years; have poor payment history; have had convictions for driving under the influence of alcohol or drugs and/or license suspensions.

Worksheet to help determine your needs

Use this worksheet to gather information you'll need before you begin to shop. Remember, the least expensive deal isn't always the best deal. Good insurance value means finding the right price, best coverage and quality service. Answer the questions truthfully and correctly. Ask what discounts will save you money. Make sure the premium quotes you get are for the same term and coverage. For example, not all companies will offer the same deductible options.

Motor vehicle information

Year _____ Make/model _____ Motor vehicle ID no. (VIN) _____

Motor vehicle location (city, county, state and ZIP code) _____

Vehicle primarily used to travel:

_____ To and from work _____ To and from school _____ For recreation

_____ For business _____ For farming

Number of miles driven each year _____

Number of miles to/from work or school _____

Owner of motor vehicle

Name _____ Relation to insurance applicant _____

Age _____ Sex _____ Marital status _____ Occupation _____

Drivers to be insured on the policy

Name _____ Driver's license number _____

Age _____ Sex _____ Marital status _____

Accidents/moving traffic violations

Number of convictions for moving traffic violations in past three years _____

Number of accidents in the past three years _____

Ask about discounts for:

_____ Having multiple vehicles insured by one company

_____ Having auto and home or renters policies with one company

_____ Taking a driver education/accident prevention course

_____ Having a car equipped with safety devices

_____ Having a car equipped with anti-theft devices

_____ Being a good driver

_____ Being a good student

_____ Being a mature driver

_____ Carpooling

_____ Having low annual mileage

Chapter 2: Evaluate your needs

Coverages (*the first four are mandatory in Kansas)

Minimum requirements are listed on page 2. Increased limits may be purchased.

Bodily injury liability* (for injuries you cause others)

_____ \$25,000 per person/\$50,000 per accident _____ \$50,000/\$100,000
_____ \$100,000/\$300,000 _____ Other _____

Property damage liability* (for damage you cause to another's property)

_____ Minimum coverage (\$25,000) _____ Other _____

Personal injury protection (PIP)* (for limited medical expenses)

_____ Minimum coverage _____ Other _____

Uninsured/underinsured protection* (for bodily injury if you and/or your passengers are injured by an uninsured or underinsured driver) To purchase an increased limit, you must have purchased additional bodily injury limits coverage.

_____ \$25,000 per person/\$50,000 per accident _____ \$50,000/\$100,000
_____ \$100,000/\$300,000

Comprehensive (provides coverage for repair of your vehicle from noncollision damage)

_____ \$250 _____ \$500 _____ Other _____

Collision (for repair of damages to your vehicle from an accident with another vehicle or object)

_____ \$250 _____ \$500 _____ \$1,000

Other special protection requiring an additional premium

_____ Towing and labor _____ Rental reimbursement
_____ Excess medical payments _____ Customizing equipment
_____ Special stereo equipment

Notes

Chapter 2: Evaluate your needs

Tips for lowering your premiums

- Compare premium rates for identical coverages and terms.
- Maintain a good driving record that doesn't have moving traffic violations and/or chargeable accidents.
- Consider raising your deductible on comprehensive and collision coverage.
- Before purchasing a car, determine the cost of automobile insurance. Repairs to some makes and models cost more than others and can increase your premium rates.
- Consider having liability-only coverage — as opposed to full coverage (comprehensive and collision) — on motor vehicles valued less than \$3,000. Your savings on premiums can be significant.
- Review your personal automobile insurance coverage periodically with your agent or insurance company, and update if necessary.
- You may qualify for a discount if two or more vehicles are insured with the same company or your vehicles have airbags, anti-lock brakes and/or other safety equipment.
- If you have other insurance policies, such as homeowners, renters, life or health, with the same insurance company, you may qualify for a discount.

Tips for parents of teenage drivers

- If your teenager doesn't own a car — meaning the title isn't in his or her

name — and has had no moving traffic violations and/or chargeable accidents, ask to have your teen rated on your family's personal auto insurance policy as an occasional operator.

- Check for discounts available through your insurance company. You may be able to get a discount for having multiple vehicles insured by one company.
- Sometimes teenage drivers are assigned to the most expensive car in the household. You can save money by making sure your teen's name is assigned to the right car.

Tips for drivers younger than 25

- Consider the cost of insurance in your financial calculations when buying your first vehicle. Insurance rates vary with the type and model of vehicle. For example, SUVs and performance vehicles typically cost more to insure than other vehicles.
- If you have a low net worth, don't go overboard when purchasing liability coverage.
- If you purchase a used car, consider dropping the collision coverage as a way to cut expenses. The cost of collision coverage can exceed the value of an older car.
- A higher deductible will lower your premiums.
- Maintain a good driving record. Don't get tickets, get into accidents or drive under the influence (DUI).

Chapter 2: Evaluate your needs

Tips from Insure U

- If you will be traveling extensively or will be deployed in the military for an extended period of time — and no one will be driving your vehicle — you may be able to suspend some of your coverage to save on premium payments. However, any vehicle with a highway title must carry liability coverage. Choose a policy that allows for suspension of other types of coverage.
- As you establish your family and begin to interact with other parents, you may find yourself as the carpool driver with other people’s children in your car. If so, consider increasing your liability insurance.
- Use a car seat of appropriate age and weight for your child.
- If you plan to provide your child with an automobile to take to college, check on the need for a separate auto insurance policy.
- As your success in the job market causes your net worth to grow, you may want to consider purchasing an “umbrella policy” to protect your assets.
- Take advantage of any discount available to you as a mature driver. After age 70, the incidence of serious accidents escalates significantly, so the discounts might cease.
- Ask about discounts for mature drivers who limit their driving — for example, less than 7,500 miles per year — or agree to only drive during daylight hours. When you retire or change jobs and work or stay closer to home — and therefore drive less — you should inform your insurance company because you may be able to get lower rates.
 - If you have worked for the same employer for many years, let your insurer know. Those who show stability in their employment may qualify for an auto premium discount.
 - Take a senior driving refresher course, such as AARP’s 55Alive or a program run by the National Institute of Highway Safety or AAA. Participation in these programs should help you qualify for an auto premium discount.



For more money-saving tips and general insurance suggestions, visit www.InsureUOnline.org, an educational program provided by the National Association of Insurance Commissioners.

Kansas Automobile Insurance Plan

If at least three companies have rejected you for personal automobile insurance, you may purchase coverage through the Kansas Automobile Insurance Plan (KAIP), which allows you to be assigned to one of the many insurance companies licensed to sell motor vehicle insurance in Kansas. The coverage provides basic liability insurance required by Kansas law and optional physical damage coverages, such as comprehensive and collision. For more information, contact a licensed insurance agent who sells personal auto insurance.

Frequently Asked Questions

What is no-fault insurance?

No-fault insurance, also known as Personal Injury Protection (PIP) coverage, is required by Kansas law, and provides payment for accident-related medical treatment for you, your passengers, or other parties injured in an accident. This coverage also provides payment for things like lost income and death benefits. The minimum required PIP coverage in Kansas is \$4,500 per person per accident, though higher limits are available. PIP coverage is sometimes called “no-fault” insurance because it is the first coverage to pay injuries in an auto accident *no matter who is at fault*.

The other party’s insurance company is saying that I am partially at fault for an accident. What does this mean?

Kansas is a modified comparative negligence state, meaning that fault for an accident can lie with more than one party. Though one party in an accident may be considered a majority at fault, an insurance company may find that the other party contributed to the accident as well. In a case of comparative negligence, if the other party is found to be 80% at fault and you are attributed 20% fault, the other party’s insurance company would be responsible for paying 80% of your damages, up to the policy limits.

I don’t agree with the amount the insurance company is offering me for the total loss of my vehicle. What can I do?

The best way to dispute a company’s valuation of your vehicle is to provide them with evidence for why you believe your vehicle is worth more. You might choose to use a vehicle database to look up the value of your vehicle, such as NADA, Edmunds, or Kelly Blue Book. Be sure to take into account any prior damage on the vehicle, the condition of your vehicle, and prices in your local market (approximately 50 mile radius). The Kansas Insurance Department does not have the

authority to determine the value of your vehicle; only the courts of the state have that authority. An insurance company is not required to take into account any outstanding loan balances on a vehicle when offering a total loss settlement.

If I own a vehicle but do not intend to drive it for awhile (or it is inoperable), am I required to keep auto insurance on it?

Whether your vehicle is inoperable or you simply choose not to drive it for a period of time, every vehicle titled for road use in Kansas is required to maintain minimum liability coverage. If you will not be using the vehicle, you can contact the Kansas Department of Revenue to have the title changed to a non-road use status. However, once you are ready to drive it again, it will need to pass an inspection from the Kansas Highway Patrol before it can be re-titled for road use. Non-road use vehicles are not required to maintain auto insurance. You should contact the Kansas Department of Revenue for further information regarding title changes and their consequences.

It’s been three days since I was in an accident, and the other party’s insurance company hasn’t authorized a rental vehicle for me yet. Do they have to provide me with one?

An insurance company will likely not discuss authorizing a rental vehicle for your use until they have made a determination of liability. By Kansas law, insurance companies have thirty days from the date they are notified of an accident to make this decision, unless there is a valid reason for a delay. If the insurance company does not accept liability for the accident, they will not pay for a rental vehicle. The company has the option of offering a monetary payment for loss of use in place of providing a rental vehicle if they choose. If your vehicle is totaled, the company is not required by law to provide either a rental vehicle or loss of use, though some companies may still

Chapter 2: Evaluate your needs

choose to do so. If you are concerned about the need for a rental vehicle if yours is ever damaged or totaled (even if the accident is not your fault), you may wish to consider adding a rental endorsement to your insurance policy, as you can use this endorsement even in the case of an accident that you didn't cause.

I live with a relative who has been responsible for several accidents and/or traffic tickets. My driving record is good. My insurance company insists on charging me higher rates because of the driving history of my relative. Can it do that?

Every insurance company has its own underwriting and rating guidelines. An insurance company can consider the claims and driving history of all licensed drivers living with you. Each company may address this situation slightly differently, but all companies have the right to consider the records of all drivers in the home.

If my vehicle is damaged in an accident caused by an uninsured driver, can I file a claim to repair my vehicle under the uninsured motorist coverage that is on my policy?

No. The "uninsured/underinsured" motorist coverage in your policy is available only in the event of bodily injury from an accident caused by an uninsured or underinsured driver. There is no provision to address damage to a vehicle under this provision. If you are concerned about damage or loss of your vehicle due to an uninsured driver, the Kansas Insurance Department recommends you keep collision coverage on your auto insurance policy.

The insurance company has based their repair costs for my vehicle on one body shop, but I prefer to use a different body shop for the repairs. But the body shop I prefer is more expensive. Does the insurance company have to pay for my vehicle to be repaired at my preferred body shop?

No. The insurer only needs to pay the amount of the lowest estimate that can be confirmed to address the repairs covered by the policy in force at the time of the loss. If you choose to have your vehicle repaired at a more expensive facility, you would be responsible for the difference in cost.

The insurance company says it is going to pay my vehicle damage claim based on a total loss. I prefer the vehicle to be repaired. Can I require an insurance company repair my vehicle rather than total it?

It is up to the company adjusting the claim to determine whether a settlement will be offered based on the repair of the damaged vehicle or whether it will be declared a total loss and payment offered based on the actual cash

value (ACV) of the vehicle at the time of the loss. In general, if the cost to repair covered damage exceeds 75% of the vehicle's ACV, the company will probably total the vehicle (this is required by law for newer model vehicles that are less than 7 years old).



Chapter 2: Evaluate your needs

My new car was in an accident and, even though it was repaired, I feel like it is not worth as much now as it was before the accident. Can I collect for the diminished value of my vehicle?

Kansas law does not address the payment of a diminished value claim. Some companies will consider paying it in some cases, others will never consider it. You should present evidence of the lowered value of your vehicle to the company if you wish to make a diminished value claim. Diminished value will never be considered on first party claims.

I was seriously injured in an auto accident and I have medical bills that need to be paid. How should I handle them?

If you are a titled owner of a vehicle in Kansas, the first payer of medical bills caused by any auto accident is your Personal Injury Protection (PIP). You should contact your insurance company right away so they can address your bills. If your medical bills exceed \$2,000, you may become eligible for a bodily injury settlement from the at-fault party's insurance company. Bodily injury settlements are paid as one lump sum, so you will not need to send the company each medical bill you receive. You should make sure that you know the total sum of all of your medical bills to treat your injuries before making a settlement with the insurance company, unless your bills will exceed the limits of the policy. Generally, you should try to come to an agreement on a bodily injury settlement within two years of the accident, unless you

have obtained legal representation and they have advised you otherwise. Additionally, you should be aware that any settlement you reach with the at-fault party's insurance company may require you to reimburse your insurance company for any PIP benefits they have paid on your behalf.

I was in an auto accident and the investigation is taking a long time. The at-fault party's insurance company said that I can use my own coverage instead. Is this legal?

If the investigation into a claim is delayed or you run into policy limits (sometimes seen in cases with multiple vehicles involved in an accident), you may wish to use your own auto insurance policy to take care of your damages. This will require you to pay your deductible up front, but your company may choose to subrogate, or seek reimbursement, from the at-fault party's insurance company. If your company is able to subrogate at least a percent of your claim, they will reimburse you that percent of your deductible back. You should be aware that the subrogation process is optional for each insurance company and can take longer than a standard claim. You will not be reimbursed for your deductible until the process is over, if at all. Additionally, it is possible that you could lose any claims-free discounts you currently have on your policy, even if subrogation is successful. However, there are some cases when this is the best option for you. Talk with your insurance agent or company thoroughly if you are considering this option.

Chapter 3

Other Resources

Filing a consumer complaint

If you've tried unsuccessfully to resolve a claim dispute with your company or agent, we encourage you to contact the insurance department.

You may file a complaint online through our website or by mail. You can also call our Consumer Assistance Hotline if you have general questions - 1-800-432-2484.

If you do need to file a written formal complaint, we require the following information:

- Your name.
- Your address.
- Your daytime telephone number.
- The name of the insurance company and/or agent.
- Type of insurance involved (automobile, homeowners, etc.).
- A clear, concise written explanation of your complaint — this can be sent by mail or filed through our website.
- Copies of supporting letters, police reports, notes, etc.
- Tell us what has been done, including who you've talked to and what you were told (names, dates, times, places, etc.).



Do not send your original records, and keep a copy of the letter you send us.

Upon receipt of your complaint, KID will investigate and keep you advised of developments. You will receive a letter informing you of the name of your consumer assistance representative, and your representative will contact the insurance company on your behalf.

To file a complaint online, visit www.ksinsurance.org. Click on "Filing a Complaint" under the "Help With..." list on the home page.



The *WreckCheck* mobile application from the NAIC outlines what to do immediately following an auto accident, and takes you through a step-by-step process to create your own accident report. It also provides tips for staying calm, safe and smart on the road, and makes it easy to capture photos and document the necessary information to file an insurance claim. The app also lets you email a completed accident report directly your yourself and your insurance agent. The app is free and available in the app store for both Apple and Android phones and tablets.

Motor vehicle accident checklist

Being in a motor vehicle accident can leave you feeling confused, shaken, angry or scared. Using the following checklist at the accident scene may help you get a claim processed properly. Keep this list in

the glove compartment of your vehicle(s).

- Stop your motor vehicle immediately once it is safe.
- Turn off the ignition.
- Check for bodily injuries and administer first aid if necessary.
- Do not** try to move any injured person(s).
- Telephone the authorities. Inform them of any injuries.
- Take reasonable steps to protect your property from further damage.
- Obtain the name and insurance information of the driver of the other vehicle(s). If the other driver(s) is/are not the owner(s), obtain the owner's name, license plate number and insurance information.
- Note the date, time, location, road conditions, make and year of the vehicle(s) involved, and

any apparent damage and injuries. Write down what happened, and draw a diagram of the accident.

- If possible, take photos of the scene.
- Secure the name and telephone number of eyewitnesses. Also, write down the names and badge numbers of the investigating authorities and/or police and other emergency personnel at the accident scene.
- Ask the investigating officer how to obtain a copy of the accident report to provide to your insurance company.
- If you believe the other party is responsible in causing the accident, notify that person's insurance company or agent/agency to file a claim.
- Notify your insurance agent/agency or company as soon as possible.

How to compare company rates

Rates for 13 different areas of Kansas are available on our website at ksinsurance.org. On the navigation bar on the left side of the page, click on 'Auto/Home,' then 'Auto Insurance,' and then 'Auto Insurance Shoppers Guide/Compare Rates.' From there you will select the area of the state closest to you, then the age closest to your own, and whether the person being insured is male or female. A representative list of writers of auto insurance in Kansas will be generated along with sample premiums from that company. See the bottom of the page for details about what specifications were used when quoting premiums from companies.

Homeowners & Renters Insurance

Chapter 4

Homeowners Insurance

For many Kansans, the purchase of a home is the single largest investment they will make. Homeowners insurance is a security net for your investment. It helps you pay for repairs, rebuild your home, or replace personal belongings if disaster strikes. It also provides personal liability protection if an accident occurs on your property. This section gives you an overview of the basic coverages available and tips on buying homeowners insurance.

Basic coverages

Multiple types of homeowners policies are sold in Kansas. Some provide coverage for homeowners. Another type is designed specifically for renters and another for condominium owners (see Chapter 5).

Most homeowners insurance policies combine property and personal liability coverages. Property coverage insures your home, contents and other structures against loss or damage from certain perils. Perils are events that cause damage to property, such as fire, windstorm and theft.

In addition to property coverage, the policy may also provide personal liability coverage for bodily injury and/or property damage caused to others as a result of your negligence. Property coverage also provides payment of medical expenses for injuries to anyone other than members of your household.

Types of property coverage

Dwelling — Provides coverage that protects your primary residence and attached structures. It also covers fixtures in the house, such as built-in appliances, plumbing, heating and

permanently installed air-conditioning systems, and electrical wiring.

Other structures — Provides insurance coverage for detached structures, such as garages and storage sheds, as well as fixtures attached to the land, such as fences and wood decks.

Contents — Covers your furniture, appliances, clothing and other personal belongings. Contents coverage usually has special limits on certain kinds of personal property. For example, theft of jewelry and furs is limited to a certain dollar amount. Check your policy for a full listing of limits. For an additional premium, you may increase these special limits.

Additional living expenses — Provides coverage for some of your extra expenses if your home is damaged and you cannot live there while repairs are made. Covered items include extra food costs, lodging, relocation and storage expenses. This benefit covers only the difference over and above your normal household expenses (for example, the cost of restaurant meals minus normal food expenses). Submit receipts for additional living expenses to your insurance company for reimbursement.

Additional property coverages in your policy — Most homeowners insurance policies contain additional coverages. When a peril damages or destroys a house, expenses can exceed the cost of repairing the house. Certain dollar limits apply. Ask if your policy covers the following:

- debris removal
- reasonable repairs
- damaged trees, shrubs and other plants
- fire department service charges
- theft or illegal use of credit or debit cards

Chapter 4: Homeowners Insurance

- collapse of building caused by perils for which you are insured
- glass breakage

Exclusions to property coverage

Most homeowners policies under the property coverage section **do not** provide coverage for loss to the following:

- animals, birds or fish
- motor vehicles, including equipment and accessories
- aircraft and parts
- flood or rising water damage
- normal wear and tear
- water damage from sewer backup
- damage resulting from war, terrorism, nuclear hazard, neglect, earthquakes or power failure

These are only examples of excluded property. Review your policy to determine exclusions under your contract.

Personal liability coverage

Personal liability —

Provides coverage for a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities. Most policies provide a minimum amount of coverage, such as \$100,000 per claim. Higher limits are available for an additional premium.



Medical payments — Provides coverage for medical expenses should others accidentally be injured on your property or through your personal activities. Coverage applies to necessary medical expenses and is typically written with a \$1,000 per person limit. However, higher limits are available for an additional premium. Medical payments do not apply to you or other household members.

In addition to the personal liability and medical payments coverages in your homeowners policy, there are other coverages, which may include the following:

- **Damage to the property of others —** Covers when you damage property borrowed from someone, or if you damage another person's property.
- **Claim expenses —** Coverage for expenses incurred in a lawsuit, such as interest on court judgments or premiums on required bonds.

Chapter 4: Homeowners Insurance

- **First aid expenses** — Covers expenses for first aid to others. (This does not apply to first aid for the insured.)

Exclusions to personal liability coverages

Most homeowners policies, under the personal liability coverage section, **do not** provide coverage for loss to the following:

- aircraft, automobile, recreational motor vehicles, or watercraft (50 hp or more)
- bodily injury or physical damage because of professional services
- bodily injury or physical damage caused by intentional acts of the insured

Review your policy to determine your coverage.

Buy coverage to fit your needs

To avoid a major financial loss if your home is badly damaged or destroyed, make sure you buy enough coverage.

Having the correct amount of coverage on a structure means the cost to rebuild the dwelling with materials of like kind and quality will be covered at current reconstruction prices. You don't want to apply for more coverage than you need, but you don't want to be underinsured either.

Property protection — The better your coverage, the less you will have to pay out of your own pocket if disaster strikes. Your contents limit is commonly calculated as a percentage of your dwelling coverage limit. Generally, it will be 50% of the amount of insurance on your house, unless you buy additional coverage. In other words, if your home is insured for \$100,000, your contents limit would be \$50,000.

Personal liability protection — You need enough personal liability coverage to protect

yourself from lawsuits resulting from your negligence. Higher limits are available for an additional premium.

Lender requirements — Usually, your lender will require you to name the lending institution as a loss payee. This protects the lending institution in case of loss. You are not required to purchase insurance from the insurer recommended by your lender. However, if you fail to keep insurance coverage in force, the lending institution will purchase coverage that protects its financial interest, and you may have to pay for this coverage. This type of coverage is more expensive than an insurance policy you would purchase.

Deductible requirements — Homeowners policies require you to specify a deductible, which is the amount of money you pay before the insurance company begins paying on a loss. Your insurance company may have a separate, higher deductible for the perils of wind and hail. A higher deductible will usually reduce the premium price of your homeowners insurance.

Policy coverages — Your home and belongings are insured against the perils specified in your policy. The specific policy you purchase will depend on your unique needs. The more perils insured against, the more you will pay for the insurance policy.

- **Basic form** insures your property with limited coverage against the following basic perils: fire or lightning; smoke damage; windstorm or hail; explosion; riot or civil commotion; aircraft; vehicles; theft; vandalism and malicious mischief; glass breakage; and loss of property removed from premises endangered by fire or other perils.
- **Broad form** covers more perils and provides

Chapter 4: Homeowners Insurance

a broader protection base: falling objects; weight of ice, snow and sleet; collapse of building(s) or any part thereof; sudden accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system; accidental discharge, leakage or overflow of water or steam; freezing of plumbing, heating and air-conditioning systems; sudden and accidental damage from artificially generated currents to electrical appliances and devices.

- **Special form** is the most common of all homeowners forms. It usually offers all-peril coverage on the structure and named peril coverages on your contents.

Insurance companies will provide coverage on either a replacement cost or an actual cash value basis. Insurers will impose some coverage requirements for replacement cost protection. Definitions of replacement cost and actual cash value follow.

Dwelling: Replacement cost

Replacement cost on your dwelling is the amount it would take to repair or rebuild your home or replace damaged property with materials of similar kind and quality. Do not confuse replacement cost with market value. Market value is the value of property established by the price you agreed to pay for your home when purchased from the seller. The market value generally is not involved in determining what amount of coverage to purchase under a homeowners policy. In some situations, the replacement cost value may actually be higher than the market value of your home. Insurance coverage is based upon the construction replacement cost amount while market value is associated with real estate and taxation valuations.

80% of replacement cost

Most insurance companies require a homeowner to insure a structure for at least 80% of the replacement cost value during the entire term (365 days) of coverage. If the homeowner fails to insure for at least 80% of the replacement cost, a penalty is applied for payment of claim(s) on partial losses.

For example, if it would cost \$100,000 to replace your home and it is insured for 80% of the replacement value — or \$80,000 — when a fire causes a \$25,000 loss, your insurance will pay the full \$25,000. If it would cost \$100,000 to replace your home but it is insured for less than 80% replacement — say, \$60,000 - and a fire causes a \$25,000 loss, your company would pay for only part of the loss. You would have to pay the balance and any applicable deductible.

Dwelling: Actual cash value

In some cases, especially if you have an older home, insurance companies will only offer actual cash value coverage, rather than replacement cost coverage. **Actual cash value** is the amount it would take to repair or replace damage to your home *after depreciation*. Depreciation is the decrease in a home or property value because of age and wear and tear.

For example: A storm destroys your roof. Your roof has a 25-year useful life and is 10 years old. The company pays based on the remaining 15 years. **NOTE: No matter the value, the amount you receive will always be reduced by the amount of your deductible.**

Contents: Actual cash value or replacement cost

Most insurance companies provide coverage on the contents of your home on an actual

Chapter 4: Homeowners Insurance

cash value basis. You may insure your personal belongings for replacement cost, but you'll pay a higher premium. For example, in 2009 you purchased a couch for \$700. Your couch is destroyed in 2017 and is worth only \$300 because of age and wear and tear. A new couch now costs \$900. If you have an actual cash value policy, you are entitled to the current value of the couch (\$300) minus your deductible. If you have replacement cost coverage, you will be paid \$300 for the couch's current value. When you show proof of purchase of a replacement couch, you will receive the \$600 minus your deductible.

Keep your receipts. Proof of purchase is required to get the full replacement cost amount.

Keep your coverage current

Whether your home is insured for replacement cost or actual cash value, it is important to keep track of construction costs. For instance, the addition of a room, new insulation and yearly inflation all increase the value of your home. It is your responsibility to update your coverage so that you will be fully covered in case of a loss. Inflation protection coverage may be added to your policy for an additional cost.

Other property and personal liability coverages

In addition to standard types of coverage, you may buy other types as separate policies or as additions to your existing policy. These extra coverages will add additional cost to your premium.



Inflation guard coverage is a practical procedure to help you maintain adequate protection. Even though the amount of homeowners insurance you carry should be at least 80% of your home replacement cost, that amount of coverage may not be enough in the future. Inflation guard coverage provides periodic increases in the policy limit and will allow the insurance company to automatically change your policy limit when you renew. Not all insurance companies offer this coverage.

Scheduled personal property coverage usually covers possessions such as jewelry, furs, stamps, coins, guns, computers, antiques and other items that may exceed normal limits in your homeowners insurance policy. These endorsements often provide broader coverage, for an additional charge, than that in a homeowners insurance policy. Other optional coverages include:

Chapter 4: Homeowners Insurance

- increased limits on money and securities kept in your home
- secondary residence premises (such as vacation homes, etc.)
- watercraft
- higher limits of theft protection
- theft or illegal use of credit or debit cards
- business activities and rental properties
- personal injury liability (slander, libel, etc.)

Fire and extended coverage

Your dwelling may not meet an insurance company's underwriting requirements to qualify for a standard homeowners policy. Therefore, a company may offer you limited coverage on your home. These limited insurance policies often are referred to as a *dwelling or fire and extended coverage policy*. They provide coverage for only your dwelling or structure.

This is not the same as a homeowners insurance policy. Coverage usually includes insurance against the following: fire or lightning; windstorm or hail; explosion; riot or civil commotion; aircraft; vehicles; and smoke. The policy **does not** cover contents or personal liability.

Flood insurance

All homeowners and property insurance policies exclude damage from flood or rising water. However, flood insurance is available through the federal government's National Flood Insurance Program (NFIP). If your home is located in a floodplain, your lender will require flood insurance.

For more information, contact the NFIP at its toll-free number: 888-379-9531. To obtain a flood brochure listing insurance companies that offer policies, contact the NFIP.

The Kansas Insurance Department does not regulate any federal insurance programs,

including the NFIP.

Earthquake insurance

Recently parts of Kansas have experienced an increase in earthquake and ground movement. A standard homeowners policy does not cover damage caused by earthquakes. You may be able to obtain a rider or separate policy covering your home in case of earthquakes.

A standard earthquake policy will cover repairs to your home needed because of an earthquake. It may also cover other structures not attached to your home, like a garage. It will also cover any personal property that is damaged by an earthquake directly.

A standard earthquake policy will not cover damage to your automobile or damage caused by a fire, even if it was caused by an earthquake. It also usually will not cover damage to land or water damage (which would be covered by flood insurance). Ask your agent to clearly explain what is and isn't covered under an earthquake policy.

Umbrella liability policy

This policy provides an additional \$1 million to \$5 million of liability coverage beyond the limits of your homeowners personal liability coverage. This is excess personal liability coverage that pays only after you exhaust the primary limits of personal liability coverage.

The company providing personal liability coverage normally will require you to maintain certain limits of liability for your primary personal liability coverage. Also, insurance companies will often require that they provide the primary coverage for your motor vehicles and your primary residence before they offer an umbrella liability policy.

Chapter 4: Homeowners Insurance

Pricing and underwriting

The price of your insurance coverage is affected by both personal and company factors.

Personal factors

Type of construction: The premium for frame houses is usually more than for brick houses. The premium for houses with wood shingles is usually more than for houses with composition shingles.

Amount of coverage: The amount of coverage you buy for your house, contents and personal liability will affect the price you pay.

Deductible amount: A deductible is the amount you pay out-of-pocket for each covered claim. Choosing a higher deductible will reduce your premium. Most homeowners policies have a separate wind/hail deductible that is generally 1% or 2% of the amount of insurance carried on the structure. The deductible for all other perils is usually a dollar limit.

Age of the house: Some insurance companies may offer new-home discounts, and some companies may not offer insurance or only offer limited coverage on very old homes.

Discounts: By qualifying for certain discounts, you may be able to lower your premium. Not all insurance companies offer the same discounts. Ask your insurance company or agent what discounts are offered. Possible discounts include:

- being a nonsmoker
- being a senior citizen
- having multiple types of insurance with the same company
- having a home security system, smoke detectors, fire extinguishers or a fire-

retardant roof

- having dead bolt locks or a burglar alarm

Local fire protection: Because fire and smoke damage cause millions of dollars in losses annually, insurance companies take into account a community's firefighting capability when determining premiums. Factors include water supply, building codes, your fire department's equipment and the quality of your fire department. Your address is assigned a fire-protection class rating, ranging from 1 to 10 (1 being the most protection). Most Kansas addresses fall into fire protection classes ranging from 3 to 10 (see "Glossary of Terms" for more information).

The ISO's Public Protection Classification (PPC) program provides important, up-to-date information about municipal fire protection services in each community that it surveys. ISO collects information about the quality of public fire protection in more than 47,500 fire protection areas across the United States. In each of those protection areas, ISO analyzes the relevant data and assigns a Public Protection Classification - a grading from 1 to 10. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire suppression program does not meet ISO's minimum criteria.

Most U.S. insurers of home and business properties use ISO's PPC in calculating premiums. In general, the price of insurance in a community with a good PPC is lower than in a community with a poor PPC, assuming all other factors are equal.

A community's PPC depends on:

Emergency communications systems, including facilities for the public to report fires, staffing, training, certification of telecommunicators,

Chapter 4: Homeowners Insurance

and facilities for dispatching fire departments.

The fire department, including equipment, staffing, training, and geographic deployment of fire companies.

The water supply system, including the inspection and flow testing of hydrants and a careful evaluation of the amount of available water compared with the amount needed to suppress fires.

Community efforts to reduce the risk of fire, including fire prevention codes and enforcement, public fire safety education, and fire investigation programs. ISO's Fire Suppression Rating Schedule (FSRS) lists a large number of items a community should have to fight fires effectively and assigns credit points for each item. Using those credit points and various formulas, ISO calculates a total score on a scale of 0 to 105.5. That score is used as one factor in determining the amount you pay for insurance coverage.

Company factors

Loss experience: Premiums charged by insurance companies in Kansas vary by company. An insurance company may adjust its premiums in accordance with its own loss experience. Insurance companies may also adjust their premiums to reflect loss experience in a specific region within a state. Adjustments may be made for losses in an entire area that result from other factors, including weather conditions and crime losses, etc. This method, called territorial rating, is intended to encourage price stability and competition.

Comparison shop: Often the only way to know if your insurance company is fairly pricing your premiums is to comparison shop.

You should consider getting quotes from at least three companies. If you are shopping with an independent insurance agent/agency, make sure you find out which company the agent is representing. Independent agents can represent many insurance companies. Doing this means you won't inadvertently obtain quotes from the same company twice. Shop carefully to get the best value for your dollar.

Underwriting guidelines

Underwriting guidelines are the standards and rules insurance companies use to decide whether to offer or renew insurance coverage. An insurance company may decline your application or renewal for coverage if you or your property does not meet the company's underwriting guidelines. Each company has its own underwriting guidelines, but typically might include the following:

- the condition of your home
- a leaky or poorly maintained roof
- poor property upkeep and maintenance (i.e. painting, old wiring and plumbing)
- the amount of insurance required on the structure
- number of claims during the past 7 to 10 years
- your personal credit history, in compliance with federal guidelines

Also, when your homeowners policy is up for renewal, the company may re-underwrite your property for the next policy term. Generally, insurance companies are under not obligated by law to renew your homeowners or renters coverage.

Cancellation and nonrenewal

An insurance company may terminate your coverage, but it can only do so under certain

Chapter 4: Homeowners Insurance

circumstances. Coverage may be canceled or nonrenewed. Cancellation means the company terminates your policy before the policy term expires. Nonrenewal means the company refuses to offer renewal when the current coverage expires.

Cancellation

When you cancel your policy: You may cancel your policy at any time by notifying the company and returning the policy to the company. Any unused premium will be refunded to you. There may be a penalty if you cancel the policy during the term of coverage.

When the insurance company cancels your policy: The insurance company may cancel your policy at any time for the reasons stated on the next page.

Any unused premium will be refunded to you as described below:

- 1) For nonpayment of premium or installment when due. The insurance company may cancel your policy at any time by letting you know at least 10 days before the date of cancellation.
- 2) When the policy has been in effect for less than 60 days and is a new policy, the insurance company may cancel at any time by letting you know at least 30 days before the effective date of the cancellation.
- 3) When the policy has been in effect for 60 days or more, or at renewal, your policy may be canceled for the following reasons:
 - Insurance was obtained through fraudulent misrepresentation
 - Risk has substantially changed since the policy was originally issued or was last renewed. This can be accomplished by notifying you in writing at least 30 days before the date the cancellation takes place

Nonrenewal

Nonrenewal of your policy is always a company option. If a company is not going to renew your policy, it must give you a 30-day written notice before the expiration date of the policy.

To avoid cancellation or nonrenewal of your coverage, premium or installment payment for your homeowners insurance needs to be received by the insurance company **on or before** the due date.

Be a smart shopper

Taking time to shop for insurance can reward you with better prices and better service.

Before you buy an insurance policy, **do your research.** Obtain quotes from several insurance companies, and compare coverages and premiums. Include independent insurance agents in your search. Some insurance agents represent one company or company group, but many independent insurance agents represent several companies and can give you multiple quotes at one time.

Determine what coverages you want and need. For instance, if you have valuable stereo equipment or if you need more than basic residential coverage for jewelry, collections or other valuables, you may need endorsements that change or add coverage. Endorsements that add coverage will increase your premiums.

When you contact the insurance companies for quotes, answer questions truthfully. False information may result in an incorrect quote, rejection of your insurance application or cancellation of your policy.

Chapter 4: Homeowners Insurance

Consider higher deductibles: Your policy will have deductibles. A deductible is the amount you have to pay out-of-pocket on your claim before the insurance company pays its portion. The higher your deductibles, the lower your premium. Save money on premiums by choosing higher deductibles.

Ask about discounts: Insurance companies may offer policy discounts that will lower your premiums. Ask your agent what discounts the company offers and which would apply to you.

Ensure uninterrupted coverage: Never cancel an existing policy until you get your new policy or a written binder. A **binder** is a temporary contract of insurance until the insurance company issues your policy contract. Don't pay cash to an individual agent. Pay with a personal check or money order made out to the insurance company or agency. Get a receipt for your payment.

It pays to shop around: Taking time to shop for insurance can reward you with better prices and better service. One insurance company's premiums could be hundreds of dollars lower than that of another company for a policy with similar coverages. Premiums shouldn't be your only consideration. Choose an insurance company that provides good customer service and is financially stable.

Also, it's important to check that you're buying from a licensed insurance agent/agency and insurance companies admitted to do business in Kansas. Policyholders of authorized insurance companies are protected by guaranty associations, which pay claims if an authorized insurance company becomes unable to pay its claims (insolvent). If you have insurance from a company that is not authorized and it becomes insolvent, there is no guaranty association to

protect you, and your claims might go unpaid.

If you have any questions or concerns, contact the Kansas Insurance Department Consumer Assistance Hotline at 800-432-2484.

Take inventory of your property: The easiest way to determine your insurance needs is to take a complete inventory of your home's contents or personal property and estimate their value. This will help you decide if you need to increase your coverage of your personal property. Include estimated values with your list of items.

Photograph or videotape your personal property. Also remember to periodically take photos of the outside of your home, especially before storm season begins. Save receipts from major purchases, such as furniture or electronic equipment. Keep your inventory in a safe place away from your home, such as in a safe-deposit box.

You can also print the Kansas Insurance Department's "Personal Home Inventory" booklet from the department website, or you can request online or by phone to have a copy mailed to you.

If you have a mobile phone or tablet, you can also download the *myHOME Scr.APP.book* mobile application from the National Association of Insurance Commissioners. This mobile app lets you quickly photograph and capture descriptions of your possessions room by room, then store the information electronically for safekeeping. The app is available for both Apple and Android users. You can find it in the app store of your mobile device.

Other types of housing insurance

Renters and condominium insurance

Renters insurance: Of all types of insurance, renters insurance may be the most overlooked by consumers. Less than half of renters have renters insurance. Renters might assume their landlords have insurance. They do, but only for the building itself — not for the people who live in the building and their property.

As a renter, you have no coverage if your possessions are lost in a fire or burglary, or if you are held liable for bodily injury or property damage to others. You can buy a renters policy to insure your household contents and personal belongings against the same perils as in a broad form homeowners policy (see page 5).

Condominium insurance: If you live in a condominium, your condominium association should purchase a policy that covers the building, including any common walls and grounds, and liability associated with common properties. You have a right to examine the association policy to see what protection is provided.

A condominium unit owner's policy covers any items not insured by the association's policy, like the unit owner's contents, personal property, interior walls, fixtures, improvements, additions and alterations installed at his or her expense.

Renters and condominium insurance are similar to homeowners insurance. The standard policies provide two major coverages: personal property and liability.

Deductibles

Renters or condo policies require you to specify a deductible, which is the amount of money you pay before the insurance company begins paying on a loss. Choosing a higher deductible will reduce the premium charge you pay for your insurance.

Personal property coverage for condo residents, renters

Personal property coverage provides coverage to repair or replace your personal belongings — such as electronics, clothing, furniture, jewelry, carpets, appliances and most other personal items — if they are damaged, destroyed or stolen. Most personal property is covered anywhere in the world (for example, a camera stolen from your car or luggage stolen from your hotel room). There are special limits on some kinds of personal property. For example, theft of jewelry and furs is usually limited to \$1,000. Check your policy for a full listing of limits. For a higher premium, you may increase the limit of coverage on these items.

Additional living expenses provides coverage to protect some of your extra expenses if your apartment or condo is damaged and you cannot live there while repairs are made. Some examples of covered items are extra food costs, lodging, relocation costs and storage expenses. This benefit covers only the difference in excess of your normal expenses (for example, the cost of restaurant meals minus normal food expenses). Keep your receipts for additional living expenses, and submit these to your insurance company for reimbursement.

Chapter 5: Other types of housing insurance

Perils insured against refers to the events that may cause damage to property. Most standard condo or renters policies are named-perils policies. Perils typically insured against are fire, lightning, smoke, theft, vandalism or malicious mischief, breakage of glass, falling objects, freezing, etc.

Additional coverages: Condo and renters policies may contain additional coverages. Check your policy closely for actual coverage. Additional coverages may include the following: food spoilage; lock replacement; loss of use of residence; fire department service charge; reasonable repair; debris removal; personal property at another location; moving; storage;



travel; trees, shrubs and other plants; property removal; theft or illegal use of credit and debit cards; condo and townhouse association loss assessment; collapse of a building; or tenant's water bed liability.

Exclusions: Most renters or condo policies do not cover the following: animals, birds or fish; motor vehicles, including equipment and accessories; aircraft and parts; flood or rising water damage; water damage from sewer backup; damage resulting from war, terrorism or nuclear hazard; neglect; earthquakes; or power failure.

The above exclusions are only examples of personal property not covered. Review your policy to determine what exclusions apply to your policy.

Personal liability coverage for renters and condo residents

Personal liability: Provides coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities. The policy is usually written to pay up to \$100,000 per claim. Higher limits are available for an additional charge.

Damage to the property of others: Provides coverage for damage to property you borrowed from a friend or relative, or if you damage another person's property in his or her home.

Medical expenses for injury to others: Provides coverage for the medical expenses of others accidentally injured on your property or through your personal activities. Policies are typically written with a \$1,000 per person limit, but higher limits are available for an additional charge. Medical payments do not apply to you

Chapter 5: Other types of housing insurance

or household members' injuries or activities involving any business conducted on your primary premises.

How much coverage should you buy?

The main factor to consider in determining how much renters and condo insurance to buy is the actual value of your belongings. This involves establishing the value of all your possessions.

Actual cash value vs. replacement cost

Actual cash value (ACV): Most insurance companies provide coverage on the contents of your rental home, apartment or condo on an actual cash value basis. Actual cash value means the value of your personal property, minus costs for depreciation and physical deterioration.

Replacement cost: Replacement cost coverage is the amount it would cost at today's prices to replace damaged or destroyed personal property.

Let's say in 2009 you purchased a couch for \$700. Your couch is destroyed in 2017 and is worth \$300 because of age and wear and tear. A new couch now costs \$900. If you have an actual cash value policy, coverage entitles you to the current value of the couch — \$300 — minus your deductible. If you have a replacement cost policy, you will be paid \$300 for the couch's current value. When you show proof of replacement purchase, you will receive the \$600 reimbursement from the company, minus your deductible.

Keep your receipts. Proof of purchase is required for you to get the full replacement cost amount.

Optional coverages

In addition to standard coverages, you may purchase other types of insurance coverage, such as separate policies or endorsements. Some property, such as art objects and antiques, should be listed separately by endorsement on your policy. Check with your insurance agent or company for a full list of endorsements or other policies you may consider.

Townhouse insurance

Kansas law established the Townhouse Ownership Act in 1974. It provides for a townhouse association to purchase a single fire and extended coverage policy on all units in the complex if the articles of incorporation and declarations of the townhouse association meet all other requirements of the Act.

If your townhouse association qualifies, and if there is a blanket policy covering all structures in the complex, you may wish to purchase a policy covering only your personal property and personal liability. This coverage is basically the same as a renters policy. However, if you want to have your own homeowners policy, or if the townhouse association does not qualify for a blanket policy, you may purchase your own homeowners policy as described in Chapter 4.

Manufactured, modular or mobile home coverage

There are various types of nonconventionally constructed homes, such as manufactured, modular or mobile homes. These traditionally described mobile homes may be single or double-wide mobile home, or they may be units on permanent foundations on land owned by the occupant or in mobile home parks.

Chapter 5: Other types of housing insurance

Just as there are different types of non-conventional constructed homes, insurance companies offer policies reflective of the traits of those structures.

Coverage is not standardized

It is important to keep in mind that manufactured, modular or mobile home insurance policies are not as standardized as policies for conventionally built structures. Coverage is written depending upon your specific situation and the type of manufactured, modular or mobile home you may have. Make sure your insurance agent explains the coverage provided in the policy and that you understand what you are buying. Most types of units are classed and taxed as personal property, rather than real property.

Contents or personal property

Coverage — Find out if your policy automatically covers furnishings and equipment sold with your home. For example, the built-in dresser or couch that comes with your manufactured, modular or mobile home may be covered, but your television, clothing and other personal belongings may not. Find out how the insurance policy will cover your personal contents. You may need to buy extra coverage to protect your other personal contents.

Personal liability coverage — Not all manufactured, modular or mobile home coverage provides personal liability coverage. Be sure to ask your insurance agent if your policy includes this coverage.

Deductibles — Most manufactured, modular and mobile home coverage requires a separate wind and/or hail deductible from the deductible for all other perils, because these types of

homes are more easily damaged.

Value of personal property — Companies may offer one of the following methods to value your personal property:

- **Actual cash value** is defined by the amount it would cost to repair or replace damaged property, less allowance for physical depreciation. Depreciation is the decreased value of personal property because of age, wear and tear, and/or lack of maintenance. For example, a 10-year-old couch will not be replaced at current value because of depreciation.
- **Replacement cost** coverage usually applies only to contents — not to the unit itself. Replacement cost coverage pays for your losses on the basis of how much it would cost to repair or replace the item at today's cost. It doesn't factor in depreciation. Your premium will be higher for this type of coverage.

Moving your mobile home

If you plan to move your mobile home from one location to another, contact your insurance company prior to the move to make sure you have insurance coverage during the period of transportation. Usually, this coverage requires a higher premium.

Flood damage

Some mobile home policies may cover loss because of flood damage, while others do not. Ask your agent whether flood coverage is provided. If your mobile home coverage does not include loss by flood, coverage may be purchased under the National Flood Insurance Program by calling 888-379-9531. For more information, see page 7.

Chapter 5: Other types of housing insurance

Tie-down law

Kansas law requires every manufactured, modular or mobile home being used as a dwelling, office or commercial space to be secured to the ground by approved tie-downs and ground anchors, unless the unit is secured to the ground on a permanent foundation. You may not be able to insure your unit if you do not have the approved tie-downs. Contact your insurance agent or company to learn about requirements.

Lender's insurance requirements

If you are financing your manufactured, modular or mobile home through a lending institution, the lender will usually: (1) require you to purchase adequate insurance protection for your unit, and (2) require the lending institution to be added as a loss payee. This protects the lending institution in case of loss on the unit. If you fail to keep insurance coverage in force, the lending institution will purchase coverage that protects its interest, and you may have to pay for the coverage. This type of coverage is often more expensive than a policy you could purchase individually. For more information on mortgage or loss payees, see the "Glossary of Terms."

Be a smart shopper

Taking time to shop for insurance can reward you with better prices and better service.

Before you buy an insurance policy, **do your research**. Obtain quotes

from several insurance companies, and compare coverages and premiums. Include independent insurance agents in your search. Some insurance agents represent one company or company group, but many independent insurance agents represent several companies and can give you multiple quotes at one time.

Determine what coverages you want and need. For instance, if you have valuable stereo equipment or if you need more than basic residential coverage for jewelry, collections or other valuables, you may need endorsements that change or add coverage. Endorsements that add coverage will increase your premiums.

When you contact the insurance companies for quotes, answer questions truthfully. False information may result in an incorrect quote, rejection of your insurance application or cancellation of your policy.

Consider higher deductibles: Your policy will have deductibles. A deductible is the amount you have to pay out-of-pocket on your claim before the insurance company pays its portion.



Chapter 5: Other types of housing insurance

The higher your deductibles, the lower your premium. Save money on premiums by choosing higher deductibles.

Ask about discounts: Insurance companies may offer policy discounts that will lower your premiums. Ask your agent what discounts the company offers and which would apply to you.

Ensure uninterrupted coverage: Never cancel an existing policy until you get your new policy or a written binder. A **binder** is a temporary contract of insurance until the insurance company issues your policy contract. Don't pay cash to an individual agent. Pay with a personal check or money order made out to the insurance company or agency. Get a receipt for your payment.

It pays to shop around: Taking time to shop for insurance can reward you with better prices and better service. One insurance company's premiums could be hundreds of dollars lower than that of another company for a policy with similar coverages. Premiums shouldn't be your only consideration. Choose an insurance company that provides good customer service and is financially stable. Also, it's important to check that you're buying from a licensed insurance agent/agency and insurance companies authorized to do business in Kansas. Policyholders of authorized insurance companies are protected by guaranty associations, which pay claims if an authorized insurance company becomes insolvent. If you have insurance from a company that is not authorized and it becomes insolvent, there is no guaranty association to protect you, and your claims might go unpaid.

If you have any questions or concerns, contact the Kansas Insurance Department Consumer Assistance Hotline at 800-432-2484.

Take inventory of your property: The easiest way to determine your insurance needs is to take a complete inventory of your home's contents or personal property and estimate their value. This will help you decide if you need to increase your coverage of your personal property. Include estimated values with your list of items.

Photograph or videotape your personal property. Also remember to periodically take photos of the outside of your home, especially before storm season begins. Save receipts from major purchases, such as furniture or electronic equipment. Keep your inventory in a safe place away from your home, such as in a safe-deposit box.

You can also print the Kansas Insurance Department's "Personal Home Inventory" booklet from the department website, or you can request online or by phone to have a copy mailed to you.



If you have a mobile phone or tablet, you can also download the *myHOME Scr.APP.book* mobile application from the National Association of Insurance Commissioners. This mobile app lets you quickly photograph and capture descriptions

of your possessions room by room, then store the information electronically for safekeeping. The app is available for both Apple and Android users. You can download it from the app store on your mobile device.

Claims settlement & other resources

Claims settlement

Most people will never file a claim under their homeowners policy. But if you do have to file a claim, it is important to understand the process and your rights and responsibilities.

If you have a claim...

- 1) Report loss or damage to your insurance agent or company as soon as possible.
- 2) Take precautions if the damages require you to leave your home: Secure your property, and lock all windows and doors.
- 3) Survey the damages and take photographs or videos of damaged areas, if possible, and make them available to your insurance company.
- 4) Make temporary repairs to protect your home and personal property from further damage. If you make permanent repairs before the insurance company inspects the damage, your claim may be denied. Keep all receipts and take photographs of the damage, before and after emergency repairs, to submit with your claim. You may be reimbursed for the expenses associated with temporary repairs.
- 5) Study and know your policy limits and coverages. If you do not understand your coverage, ask your insurance agent or company representative to explain. If your policy was destroyed in your loss, contact your insurance agent or company to get a replacement copy. There may be a nominal charge for another copy of the contract.
- 6) In some cases, the insurance company will require you to complete a claim form. You will be asked to estimate the actual cash value of the household items you lost and the cost to repair the damage to your home. If you have replacement cost coverage on your house and/or contents, you may need to include an estimate of the costs to make repairs with new materials and/or replacement items. If you have maintained a household inventory, this process will be much easier (see the Kansas Insurance Department's "Personal Home Inventory" book to organize a list of all of your belongings). Find out from the insurance company if you should include sales tax in the cost estimates, and whether you should use exact costs.
- 7) The insurance company will assign an adjuster to assess damage to your property and estimate the cost of repair. If you don't hear from your adjuster in a reasonable length of time, contact your insurance agent or company again. Be present when the adjuster inspects your property.
- 8) The settlement, which is the amount of money the insurance company offers for your loss, is based on the adjuster's estimate. If you disagree with the estimate, contact the insurance company to explain your reasoning. The company may be willing to make adjustments, or you may hire a contractor or other professional so you can obtain your own estimate.
- 9) Beware of fly-by-night contractors. Get more than one bid, and hire a local, reputable contractor to do the repair work.
- 10) Make sure a written agreement between you and your insurance company has been signed before starting repairs.

Claim time frames

An insurance company has 30 days to complete an investigation of your claim. If the company isn't finished in 30 days, it must provide a reasonable explanation. It is in the best interest of

Chapter 6: Claims settlement and other resources

the company to investigate any loss promptly so that valuable evidence is not lost or destroyed. However, there are no provisions requiring a company to pay your claim within a certain amount of time.

Filing a complaint

If you've tried unsuccessfully to resolve a claim dispute with your company or agent, we encourage you to contact the Kansas Insurance Department. Often companies resolve the matter after our department intervenes.

You may file a complaint online through our website, www.ksinsurance.org, but we suggest you also call because we may be able to provide immediate assistance. The Consumer Assistance division can be reached at **800-432-2484**.

If you do need to file a written formal complaint, we require the following information:

- Your name
- Your address
- Your daytime phone number
- Type of insurance involved (automobile, homeowners, etc.)
- The name of the insurance company, agent and adjuster
- The policy number
- A clear, concise written explanation of your complaint - this can be sent by mail or filed through our website
- Copies of supporting letters, police reports, notes, etc.
- Tell us what has been done, including who you've talked to and what you were told (names, dates, times, places, etc.)

Do not send us your original records. Keep a copy of the letter you send us.

You can also file your complaint online at our website, www.ksinsurance.org.

Upon receipt of your complaint, KID will investigate your complaint and keep you advised of developments. You will receive a letter stating who your consumer assistance representative is, and your representative will contact the insurance company on your behalf.

Kansas FAIR Plan

The Kansas FAIR Plan (Fair Access to Insurance Requirements) may permit property insurance coverage to be written on structures that do not qualify to be covered under an insurance company's program of property insurance. The Kansas FAIR Plan is funded by participation of the admitted insurance companies who have the authority to write property insurance in Kansas. If you cannot find an insurance company that will insure your structure, the Kansas FAIR Plan may accept your application.

The Kansas FAIR Plan provides a property coverage policy and may offer optional theft and personal liability coverage. The coverage is not as comprehensive as homeowners insurance. Qualifications may include the following:

- Coverage for your property must be declined by at least three insurance companies before applying to the Kansas FAIR Plan.
- You can apply for the Kansas FAIR Plan through any licensed insurance agent who sells property insurance.
- The FAIR Plan will inspect your property to determine whether you are eligible.

Approval in the plan is not guaranteed.

Frequently Asked Questions

Does state law require that I purchase homeowners or renters insurance?

There is no state law requiring the purchase of homeowners or renters insurance. However, mortgage lenders and/or renters agencies may require you to obtain appropriate coverage before offering a mortgage or a rental contract.

Can my mortgage lender require that I purchase a certain amount of homeowners insurance coverage for my residence?

The Kansas Insurance Department has no regulatory authority over banks, savings and loans, mortgage companies or any lender or financial institution. The Office of the State Bank Commissioner - at 877-387-8523 or (785) 296-2266 - can answer questions regarding lending institutions.

Can a company nonrenew my policy, even though I have been insured with the company for many years?

There are no legal restrictions regarding nonrenewal of a homeowners insurance policy. The only requirement is that the company provide the insured with at least 30 days' written notice if it intends to nonrenew coverage.

Why do my homeowners rates keep increasing every year?

The Kansas Insurance Department is not responsible for setting premium rates for insurance companies. Each company sets their own rates based on their claims experience. If you are concerned about an increase in homeowners insurance premiums, you may wish to shop around and see if you can find similar coverage for a lower price. However, keep in mind that some companies may charge a fee for cancellation of your policy in the middle of the policy term.

My insurance rates have increased because the insurance company believes it will cost more to replace my home than I believe it actually will. Is there anything I can do about this?

Many insurance companies use a residential construction replacement cost estimator when determining the amount of insurance on a resi-

dential structure. If you disagree with this amount, you should contact a local contractor and have them give you a written replacement cost estimate for your specific property and compare it to the company's estimate. Then contact the company's personal lines underwriting manager to negotiate a new construction replacement cost amount for your home.

I have a replacement-value policy and my home was recently damaged. The company has accepted repair estimates but refuses to pay the full replacement cost until repairs are complete. Can it do that?

Insurance companies typically pay a covered replacement-value loss by providing an initial payment based on the actual cash value (ACV) - the replacement cost minus depreciation. When the insured presents the company the final receipts or other proof that repair work has been completed - such as replacement of damaged items - the remainder of the settlement is provided to the insured to guarantee that a covered loss has been paid in full.



Frequently Asked Questions (cont'd)

Most insurance policies require that replacement/repair occur in a set time frame, such as 180 days. If a damaged item can be repaired, the company has the right to pay based on repair rather than replacement.

Does my standard homeowners insurance policy cover damage to the structure of my home or its contents if caused by flood, flood-related erosion or flood-caused mudslides?

No, but you may be able to purchase insurance that provides these types of coverages. Your insurance agent may be able to assist you. If your community has opted to participate in the National Flood Insurance Program (NFIP) - administered by the Federal Emergency Management Agency (FEMA) - you may be able to purchase coverage for those types of damage through that program. The NFIP can be contacted at 888-379-9531, or you can find information online at www.floodsmart.gov or www.fema.gov/business/nfip (see page 7 for more information on the NFIP).

The insurance company says they won't cover damage to my home because it was due to faulty workmanship. Can they do this?

If a contractor or other company makes repairs or does other work on your home, such as putting on a new roof, and over time other damage occurs because the original work was not done properly, your insurance company may deny the claim due to workmanship issues. In cases like this, it becomes the responsibility of the company or individual who did the work to repair any damages caused by their faulty workmanship, as this is not a covered peril under most insurance policies. Check your specific policy to familiarize yourself with what perils are covered.

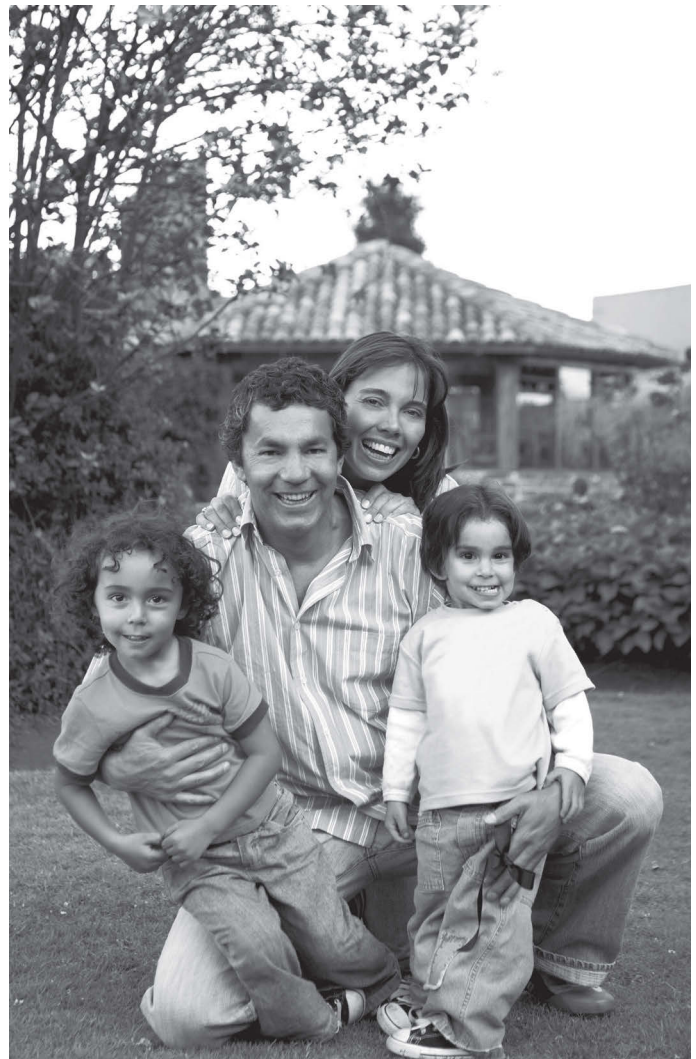
I want to insure my home and contents at replacement value, but I am only being offered coverage based on the actual cash value (replacement value minus depreciation). Are companies required to offer replacement cost coverage?

Companies have different underwriting guidelines. Property being considered for replacement-cost

coverage must meet age, construction and maintenance guidelines set forth by each company. The Kansas Insurance Department has no authority over insurance companies' underwriting guidelines. If you are unable to secure homeowners insurance, you may be eligible to receive basic coverage through the Kansas FAIR Plan (see page 57 for more information).

My home suffered hail damage on one side. The company proposes replacing the damaged siding, but the new siding won't be an exact match. Is the company required to provide matching siding?

Whether it is covered damage to a roof, indoor carpeting or siding, the company owes repair or replacement only for the portion of the home that was damaged. It should provide a settlement suf-



Frequently Asked Questions (cont'd)

ficient to replace damaged materials with material that is similar and of "like kind and quality," but it does not owe for portions of the home that were not damaged.

My neighbor's tree fell during a recent storm and caused damage to my home. I called their insurance company and they said that they will not cover the cost of the damage. Can they do this?

Insurance policies cover negligence of a policyholder. If there was no indication that the tree was in danger of falling and causing damage prior to the storm, the neighbor's insurance company may not be responsible. However, this type of damage would typically be covered under your own homeowners policy.

The food in my freezer spoiled because I lost power in my home. Does my homeowners policy provide coverage for this?

The basic homeowners policy usually does not. However, this is a popular coverage for insurance companies to offer, and you may be able to buy this coverage for a nominal addition to the premium. There is also the issue of where the power was lost. Some policies are limited to coverage for electricity lost in the home or where the electricity enters the home. Others will limit coverage to a certain distance from the home. Ask your agent about the availability and cost of this type of coverage.

Our sump pump failed, and the insurance company is denying our claim because the water backed up through our sewers. Can it do this?

Most insurance policies exclude water damage for water that backs up through sewers or drains. You may wish to contact your agent about adding an endorsement to your policy that would cover sewer backup.

My CDs were stolen from my vehicle. My insurance company said neither my auto nor my homeowners insurance policy covers these items. Is this true?

Almost all auto and homeowners policies exclude coverage for losses of CDs and other sound-transmitting or -receiving equipment used in an automobile. Some insurance companies, however, will cover these items for an additional premium.

My boat was stolen, and my insurance company won't pay the claim on my homeowners policy. Can the company deny my claim?

Theft of watercraft, including of furnishings, equipment and outboard motors, is typically excluded if the theft occurs off your residential premises. You may want a separate policy for your boat.

Glossary of Terms

Actual Cash Value (ACV) - The amount it would take to repair or replace damage to your home after accounting for wear and tear (depreciation).

Basic form - Coverage that insures your property with limited coverage against basic perils: fire or lightning; smoke damage; windstorm or hail; explosion; riot or civil commotion; aircraft; vehicles; theft; vandalism and malicious mischief; glass breakage; and loss of property removed from premises endangered by fire or other perils.

Binder - Temporary authorization of coverage issued prior to the actual insurance policy.

Broad form - Specific policy coverage that covers more perils and provides a broader protection base than basic form, including: falling objects; weight of ice, snow and sleet; collapse of building(s) or any part thereof; sudden accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system; accidental discharge, leakage or overflow of water or steam; freezing of plumbing, heating and air conditioning systems; sudden and accidental damage from artificially generated currents to electrical appliances and devices.

Deductible - The amount you must pay out-of-pocket before your insurance will begin paying on a claim.

Endorsement - A written form attached to an insurance policy that alters the policy's coverage, terms, or conditions. Sometimes called a "rider."

Fire protection class - A designation assigned to every property address in Kansas, whether in an incorporated city or un-incorporated county area, based on the firefighting capability of such city and/or county/township. The protection class assigned ranges from Class 1 (most protection and lowest fire insurance rates) to Class 8 (least protection and higher fire insurance rates) in incorporated towns

and cities. Protection Classes 9 and 10 (least fire protection and highest fire insurance rates) are usually reserved for property addresses in the un-incorporated county area. These fire protection classes determine the amount of fire premium charge you will pay for homeowners or renters insurance coverage.

Insolvency - An insurer's inability to pay debts.

Mortgage or loss payee clause - A clause usually required by a bank or lending institution when a loan is taken out to purchase a home. The clause says that in the event a claim is made on the home or real property, any claim settlement amount paid by the insurance company will be made out to the named insured and the bank or lending institution as their interest may appear.

Peril - Events that cause damage to property, such as fire, windstorm and theft.

Replacement cost - The amount it would take to repair or rebuild your home or replace damaged property with materials of similar kind and quality at today's price.

Special form - The most common of all forms of homeowners coverage. It usually offers all-peril coverage on the structure and named peril coverages on your contents.

Territorial rating - Homeowners premiums charged in Kansas are based partially on the territorial rating of your home. In other words, your premium will vary depending on what part of the state you live in.

Underwriting - The process of an insurance company evaluating the insurance risks of a potential customer and determining whether or not to accept their policy and, if so, determining how much to charge.



For a convenient way to keep track of all of the contents of your home, check out KID's

Personal Home Inventory

- Itemize your personal belongings by room, including:
 - what year they were purchased;
 - how much each item originally cost;
 - each item's estimated present value.
- Space to keep important contact information for your insurance agent and company, and space to record important policy information.
- Space to attach photos, as well as tips on the best way to photograph and video tape inventory items.
- Tips for what steps to take should you suffer loss or damage.

To download a free copy of this publication (and many others), visit:

www.ksinsurance.org

Mobile phone and tablet users can go to the app store on their mobile device and download the NAIC's "myHOME scr.APP.book" home inventory app. Store photos and descriptions of your belongings electronically. Available for Apple and Android users.



Kansas Insurance Department

420 SW 9th Street

Topeka, KS 66612-1678

1-800-432-2484

(785) 296-3071

www.ksinsurance.org

commissioner@ksinsurance.org

(785) 296-7805 (fax)

1-877-235-3151 (TTY/TDD)

