CONSUMER GUIDE TO

Homeowner and Tenant Insurance

OREGON INSURANCE DIVISION

About the Oregon Insurance Division

The mission of the Insurance Division is to administer the Insurance Code for the protection of the insurance-buying public while supporting a positive business climate.

We ensure the financial soundness of insurers, the availability and affordability of insurance, and the fair treatment of consumers by doing the following:

- Licensing insurance companies and monitoring their solvency
- Reviewing insurance products and premium rates for compliance
- Licensing insurance producers (agents) and consultants
- Resolving consumer complaints
- Investigating and penalizing companies and producers (agents) for violations of insurance law
- Monitoring the marketplace conduct of insurers and producers (agents)
- Educating the public about insurance issues
- Advocating reforms that protect the insurance-buying public

Call us for help

Consumer Advocacy Unit — 503-947-7984 or 888-877-4894 (toll-free)

You have the right to seek assistance from the Insurance Division at any time by filing a formal complaint against an insurance company or producer (agent). A copy of the complaint is sent to the insurance company. A response from the insurance company or producer (agent) must be received at the Insurance Division within 21 days. A consumer advocate will determine what further actions, if any, will be taken. The Insurance Division will forward a copy of the insurance company's response to you. If a law has been broken, the matter may be referred to the Insurance Division's Investigations Unit.

Financial Regulation Section — 503-947-7982

To find out if a company is authorized to sell insurance in Oregon, call our Financial Regulation Section or visit our Web site, **insurance.oregon.gov**, and click on "Information for Insurance Companies," then "Insurance Company Search Page."

Producer (Agent) Licensing Unit — 503-947-7981

To find out if your insurance producer (agent) is licensed to do business in Oregon, call our Producer Licensing Unit or visit our Web site, **insurance.oregon.gov**, and click on "Information for Insurance Companies," then "Insurance Producer Search Page."

Visit our Web site

The Oregon Insurance Division's Web site includes all of our publications as well as other useful information for consumers. You can file a complaint against an insurance company or producer (agent), check to see if an insurer is authorized to do business in Oregon, and find out if your insurance producer (agent) is licensed in Oregon. Our Web address: **insurance.oregon.gov.**

Table of contents

Homeowner Insurance

Homeowner insurance is a policy that packages coverage for your home, personal property, and your personal liability. Coverage is also provided if you have additional living expenses due to a major loss that is covered by insurance. The insurance will pay for damage by a covered cause of loss. A covered loss is a sudden and accidental event. Some policies are very broad and extend to "All Perils" unless a specific exclusion applies, and others are "Named Perils" and only cover the types of loss listed in the contract.

A typical homeowner policy covers not only the dwelling itself but also attached garages, detached structures on the property, and personal property against a wide variety of losses. If theft coverage is included, it's often limited to a set amount. Those limitations often apply to jewelry, furs, stamps, manuscripts, money, trailers, watercraft, guns, computers, antiques, silver and gold, memorabilia, tools, and business equipment. You should discuss these limitations, and any others that might apply, with your insurance producer (agent) or company representative. In most cases, special endorsements are available to purchase additional protection if it's needed.

Personal liability coverage on your homeowner policy protects you and relatives living in your home from losses resulting from bodily injury or property damage that you cause to others either on or off your property.

Your liability coverage will pay a judgment or settlement arising from accidental acts by you or a family member that are not subject to policy exclusion.

If you have a mortgage on your home, your lender will require you to carry protection for the property. If your home is paid for, your policy can protect you in the event of loss to what is possibly your largest single investment.

Renter Insurance

Renter insurance also is sold as a package and covers your belongings and personal liability in the same way that a homeowner policy does. No coverage is written on the value of the building, so the premium for tenant coverage is low.

Typically, the owner's policy that covers the building you live in does NOT offer any protection for your property, your cost to find other housing, or your personal liability.

If you rent an apartment or a home, you will not always be required to have renter insurance by the lease, but without it you are often left out in the cold if the building is damaged. Renter insurance will also cover you if someone is injured in your home or elsewhere due to your negligence.

Choosing an insurer

Coverage and costs vary greatly by company. It's important to shop around when choosing an insurance company. This guide can help you, and possibly lower the cost of your homeowner or tenant insurance and increase the value you receive. It includes information about what kinds of coverage are available and tips to hold down your costs. This booklet is a guide. It doesn't cover all situations. For specific information about coverage and rates, you'll need to review your policy. Contact your individual producer (agent) or your insurance company with questions, or talk with one of our consumer advocates. Comparison shopping takes a little more time, but it can save you money!

How to be an informed consumer

The key to comparison shopping is knowing what coverage you need and then getting premium estimates (rate quotes) from a number of insurers. Each policy should provide the same amount of protection for your home, its personal contents, liability protection, and medical payment coverage. If you want full replacement-value protection on your house and personal items, make sure this coverage is included in all policies you consider. Have the producer (agent) explain the exclusions and limitations in the contract and quote options for perils like flood and earthquake that are not covered under the standard policy.

Cost is just one factor to consider when choosing an insurance company. It's also important to look at the company's financial condition and how it treats its policyholders. A company's financial information is available from the producer (agent) that represents the company and also from the following organizations that rate insurance companies. Some of these organizations may charge a fee for their services.

- **A.M. Best Co.**
  908-439-2200
  www.ambest.com
- **Fitch Inc.**
  800-893-4824
  www.fitchratings.com
- **Moody's Investor Services**
  212-553-0377
  www.moodys.com
- **Standard & Poor's Rating Information Services**
  212-438-2400
  www.standardandpoors.com
- **Weiss Ratings Inc.**
  800-289-9222
  www.weissratings.com

One source of information about how companies treat their policyholders is the Consumer Guide to Oregon Insurance Complaints, which annually ranks insurers from best to worst based on consumer complaints to the Insurance Division. To request a copy, call 503-947-7984 or 888-877-4894 (toll-free). The guide also is on our Web site: **insurance.oregon.gov.**

Underwriting standards

Underwriting standards are rules insurance companies use to decide whether to insure your property. A company may decline your application for coverage if your property does not meet its underwriting standards. Each company has its own underwriting requirements, but typical ones include:

- Age, condition, and square footage of your home
- Property upkeep and maintenance
- Type of construction (brick, frame, stucco, etc.)
- Exterior lighting or security systems
- Home value and proximity to fire protection

Many homeowner insurance companies also use your consumer credit history as one part of the review process. See the "credit scoring" section on Page 4.

Insurance companies will review the number and size of claims that you have filed. There are specific rules — established by the Oregon Legislature in 2005 — explaining how insurance companies can use the claim information. Specifics about that law are included on page 4 in the section "Homeowner Bill of Rights" legislation.

How to be an informed consumer

Credit scoring

Many insurance companies look at a consumer's credit history to decide whether to issue or renew an auto or home insurance policy or how much to charge. This practice is known as credit scoring or insurance scoring.

Insurance scoring has been controversial, and a number of states, including Oregon, have placed limits on its use. In Oregon, insurers can't use a policyholder's credit information to raise premiums. The law also prohibits insurers from canceling or refusing to renew existing policies because of credit history problems.

Insurers can use credit information when deciding whether to issue a new policy, but only if they can document that it helps them predict future claim costs and price their products fairly. At the same time, they must demonstrate that credit information is used as part of an evaluation system that also relies on other relevant factors.

Oregon insurers and producers (agents) must tell consumers how the company uses credit information before running credit checks. If a company uses credit information to prescreen applicants, the company must notify you of this before running a credit check.

If an insurer uses credit information to make an "adverse" decision, such as not to offer the best rate or not to offer a policy, the insurer must give you specific reasons for the adverse action. You have a right to a free copy of your credit report from the credit bureaus. If you find an error in your credit report and arrange with the credit bureau to correct it, you can ask the insurer to reconsider.

Credit information is available from three credit bureaus:

- **Equifax —**
  800-685-1111
  www.equifax.com
- **Experian —**
  888-397-3742
  www.experian.com
- **TransUnion —**
  800-888-4213
  www.transunion.com

If there are mistakes, ask the credit bureau to correct the information.

"Homeowner Bill of Rights" legislation

The 2005 Legislature approved a "homeowner bill of rights" to protect Oregonians from unfair treatment by insurance companies. The measure, Senate Bill 118, took effect in January 2006.

SB 118 requires insurers to disclose to consumers whether the insurer uses loss-history databases (similar to credit histories) in homeowner insurance underwriting. If the insurer uses these databases, it must explain how the database is being used, how consumers can get a free copy of their loss history, and how to correct inaccurate data. The bill also gives consumers the following protections:

- Limits to five years the period in which insurance companies can "look back" on consumers' claims histories, thus putting a limit on the time for which a consumer can be "penalized" for past losses.
- Prohibits insurers from treating inquiries by policyholders as claims, thus protecting consumers' rights to seek information from their insurer and decide whether or not to file claims.
- Restricts mid-term policy cancellations by the insurer to policyholder fraud, misrepresentation, nonpayment, violation of terms or conditions, and substantial increases in risk of loss after insurance coverage has been issued.
- Prohibits insurers from canceling or not renewing policies for the first claim in a five-year period, which protects consumers from losing their insurance for filing a claim.
- Requires insurers to provide at least 30 days' notice of policy renewal or nonrenewal.
- Prohibits insurers from using claims made under prior ownership to cancel or not renew policies or increase rates when the cause of the past claims is shown to be mitigated.

The Insurance Division drafted SB 118 in response to complaints from homeowners about unfair treatment by insurance companies.

How to be an informed consumer

New law – homeowner warranty

The 2007 Legislature passed a new law, which becomes effective July 1, 2008. The law requires the builder of a new residential structure or zero-lot-line dwelling to make a written offer of warranty to the first purchaser or owner of a new dwelling. There are no specific terms that must be included in the warranty and they will probably vary greatly from builder to builder. The warranty must be offered and as the buyer of a new home you may accept or decline the offer.

If you are contracting with a builder to construct a custom home and you refuse the offered warranty, the contractor may withdraw the offer to construct the home.

Your right to be treated fairly

An insurance company cannot deny, refuse to renew, limit, or charge more for coverage because of your race, color, religion, or national origin. A company also cannot deny, refuse to renew, limit, or charge more for coverage because of your age, gender, marital status, domestic partnership status, disability, or partial disability unless the refusal, limitation, or higher rate is based on sound underwriting or actuarial principles.

What to do if you can't get coverage

You may qualify for limited coverage under the Oregon Fair Access to Insurance Requirements Plan if you have difficulty obtaining traditional insurance protection for your home. The FAIR Plan provides limited coverage and does not provide liability protection. Your insurance producer (agent) can contact the Oregon FAIR Plan Association for additional information:

Oregon FAIR Plan Association
8285 SW Nimbus Ave., Suite 104
Beaverton, OR 97008-6466
503-643-5448
www.oregonfairplan.com

Consumer tip

Make an inventory of all your personal belongings. Include the year each item was purchased, its cost, and a receipt. Photograph or videotape your possessions. Make a photocopy of the inventory and keep the original in a safe place outside your home.

A sample inventory form is on Pages 12-17 of this booklet.

What is covered?

Homeowner basic coverages

Homeowner insurance is designed to protect homeowners, condominium owners, and renters for their personal exposures. Homeowners who conduct business from their homes or store business goods should seek special coverage. Insurance coverage is determined by a policy contract. Covered perils are sudden and accidental events that cause damage to property. Damage caused by a lack of routine maintenance and upkeep, and water damage that occurs over a period of time are not covered. Refer to the policy exclusions section for more information on property and perils that are not normally covered.

Policy packages

Homeowner policies are sold as a package. In your policy, Part I provides protection for your real and personal property, and Part II provides personal liability protection.

Part I: Property protection

The property-protection portion of your policy is in sections. These sections identify limits associated with your property coverage.

Coverage A: Covers your dwelling; attached structures and permanently installed fixtures in the home such as built-in appliances; plumbing, heating, air-conditioning, and electrical systems.

Coverage B: Covers detached structures such as garages; storage sheds; and shop buildings that are for personal use only. Fixtures attached to the land, such as fences, driveways, sidewalks, patios, and retaining walls, are covered for limited perils and amounts.

Coverage C: Covers personal property, including the contents of your home and other personal items owned by you or family members who live with you. This protection can be based on actual cash value or replacement cost. It's important that you know what coverage applies to your home and property. Read your policy and discuss this with your producer (agent) or company.

Coverage D: Covers living expenses over and above your normal living expenses if you cannot live in your home while repairs are being made.

Additional property coverages: Homeowner policies may provide limited coverage for debris removal; damaged trees, shrubs, other plants, and lawns; fire-department service charges; property removal; theft or illegal use of credit or transfer cards; collapse of buildings; or glass breakage if caused by a covered peril. Coverage for these items is controlled by individual policy limitations.

Replacement-cost or actual-cash-value coverage?
Replacement cost will replace your damaged or stolen goods with new items of "like kind and quality." Actual cash value only provides for the depreciated value of the item(s).

For example: you have a 10-year-old television. A covered loss damages your home and the television is damaged beyond repair. A replacement cost policy will pay to replace the television with a new one "of like kind and quality." If it was a medium-priced, 21-inch television, you will get a new medium-priced, 21-inch television. If your coverage is actual cash value, the company will only pay you the value of the used television. If the average life of a television is 20 years on a standard depreciation schedule, you will get about half of the cost of a new television of like kind and quality. You will have to make up the difference in order to get a new television. Check your policy for details.

Because homeowner insurance is written and rated as a single package policy, it is not designed so that you can pick and choose coverage. For example; you may not have any "other structures" on your property, but the coverage remains as part of the package.

Insuring to value

It's important to have enough insurance to cover the value of your home and belongings. There are varied methods of reaching the proper coverage amount. Your producer (agent) or company will have an established program that will estimate your home's approximate replacement cost. Your insurance policy is designed to cover the home only, not the cost of the land. You may wish to consult your producer (agent) or insurance company to find out if these endorsement options are available.

1. **Guaranteed replacement cost coverage** will pay the cost to rebuild your home as long as you have met the requirements of your insurance policy and insured to value.
2. **Extended replacement cost coverage** insures your home for a specific value and usually adds a 20 percent to 25 percent cushion — or extended limit — if reconstruction costs run over.
3. **Inflation guard** increases the amount of your homeowner insurance to keep up with inflation so that you can maintain adequate coverage to

replace your home in the event of a loss.

4. **Scheduled personal property** protects articles such as jewelry, furs, stamps, manuscripts, money, guns, computers, antiques, silver and gold, memorabilia, tools, electronic apparatus, and other items that often exceed normal policy limits in your regular homeowner policy. It often provides coverage that is broader than the coverage in the home insurance policy. Increased limits on money and securities provide additional coverage for money, bank notes, securities, deeds, etc. The limit on business property also can be increased in most cases.
5. **Secondary residence** provides protection for a second home, such as a summer residence. Be certain that both the property value and the extension of liability protection are included.
6. **Theft coverage protection** can broaden the theft coverage to include personal contents in your motor vehicle, trailer, or watercraft to be covered without proof of forcible entry.
7. **Credit-card forgery and depositor's forgery coverage** provides protection against loss, theft, or unauthorized use of credit cards. It also covers forgery of any check, draft, promissory note, etc. Consult your producer (agent) or insurance company regarding any exceptions that may apply.
8. **Code upgrade coverage** provides protection for homes that may need to be upgraded due to building codes. For example, if a fire damaged the electrical system in your older home, you would probably be required to install circuit breakers instead of continuing to use fuses.

Part II: Liability protection

- **Personal liability:** Your policy provides personal liability 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 anywhere. No coverage applies for auto, watercraft, aircraft, or business-related incidents. The policy extends to you and all family members who live with you.
- **Personal umbrella policy:** A separate personal umbrella policy can be purchased to provide extra liability protection. The umbrella will provide excess limits over the coverage in your homeowner policy and also can be written to extend over your auto policy. An umbrella policy will start paying when your regular homeowner policy's liability limits are exhausted. For example, a friend is seriously injured while jumping on a trampoline in your back yard. The friend sues for damages. The amount of damage exceeds the homeowner policy's liability limits. A personal umbrella policy would provide additional protection if no exclusion applied.
- **Watercraft liability** can be obtained on a very limited basis on your homeowner policy. If you own boats or personal watercraft, a separate watercraft policy should be purchased.

Medical expenses for others

Your policy includes coverage to pay medical expenses for people accidentally injured on your property regardless of fault. Medical-expense payments do not apply to your injuries or those of family members living with you or to activities involving your at-home business. The standard policy is usually written to provide medical expense payments of $1,000 per person.

Policy exclusions: items not covered

Be aware of the exclusions that are included in most policies.

The following exclusions normally apply:

- Damage caused by earthquake, flooding, landslide, mudslide, earth movement, and nuclear accident.
- Theft of furs, jewels, coin or stamp collections, or antiques. Limited coverage applies to these items for covered perils other than theft.
- Damage or loss connected to a home business or storage of business goods.
- Cost to upgrade construction to meet building code requirements.
- Watercraft.
- Automobiles or other motorized vehicles unless they are used on premises only for maintenance purposes.
- Water damage that occurs over time and is not sudden and accidental.
- Damage caused by lack of routine maintenance and upkeep.
- Intentional acts by the homeowner or a family member.
- Mold.

What is covered?

Ask your producer (agent) or company about special coverage that may be available for an additional premium.

Manufactured-home coverage

Insurance companies may offer protection for manufactured homes under a standard homeowner policy or under a manufactured-home policy. You may find extreme variances in both insurance coverage and premiums. It's wise to compare products carefully. Most companies look at the following criteria to determine whether to provide insurance coverage for a manufactured home:

- High-quality continuous skirting
- Continuous concrete foundation or a manufacturer-approved pier system
- Anchors or tie-downs
- Age and quality of the home (usually 10 years or less)
- Pitched composition roof

Many companies will not insure the following risks:

- Homes with a wood-burning device not installed by the manufacturer
- Homes in unprotected areas
- Homes occupied by tenant

Obtaining protection for certain perils

You can obtain additional protection for the following types of situations that are not covered under most homeowner policies:

- **Flood insurance** is a separate policy that can be purchased through the National Flood Insurance Program (NFIP). A lender will require flood insurance if your home is located on a floodplain. For more information, contact your producer (agent) or insurance company, call NFIP, 888-379-9531, or check NFIP's Web site: **www.floodsmart.gov.**
- **Earthquake insurance** is available through most insurance companies at an additional cost, usually as an endorsement to a homeowner policy.
- **Landslides and mudslides** are typically not covered on homeowner policies. Check with your producer (agent) or insurance company to see if your homeowner policy includes this protection.

Terrorism coverage

Insurance companies cannot exclude coverage of damage due to acts of terrorism.

How can I lower my premiums?

Homeowner insurance costs vary widely among companies doing business in Oregon. That's why it's important to shop around.

You can do a number of things to qualify for insurance coverage at a lower premium:

- Install deadbolt locks on all exterior doors, fire and burglar alarm systems, and adequate outdoor lighting.
- Keep your property well-maintained and remove garbage and other hazards that might increase the chance of fires, accidents, or burglaries.
- Don't keep a dog that has a history of biting.
- Repair crumbling sidewalks and dilapidated steps.
- Review your credit record and correct errors.
- Consider increasing your deductible. Make sure you can afford to pay the higher deductible if you have a loss.
- Consider purchasing your home and auto insurance from the same company. You may qualify for a discount.

How to file a claim

Step 1 – Understand your policy

Before you have a loss, sit down and carefully read your insurance policy. If you have any questions about what is or is not covered, call your producer (agent) or company.

Step 2 – Make an inventory

Before you have a loss, make a list of all of your household goods. Photos and videos can help document the things you own and their value. It is important to list even small items such as kitchen utensils and clothing accessories.

Keep receipts or other proofs of purchase for personal property of significant value, such as televisions, stereo equipment, and appliances. Warranty registrations or owners manuals also may be used to verify ownership and to properly identify damaged or stolen property.

Step 3 – Protect your property

Do everything you can to prevent damage to your house and property. To collect on a claim, you must demonstrate that you tried to prevent further damage.

Step 4 – Notify your insurer

After a loss, tell your producer (agent) or insurance company as soon as possible. You will find the telephone number on your policy. Your insurer will tell you whether the loss is covered by your policy.

Step 5 – Sign a proof-of-loss statement

Within a month or two, your insurer may ask you to sign a sworn proof-of-loss statement and to provide a list of lost items and their values. Because the insurance company will pay you the actual cash value, save receipts for items that you replace. If you have replacement-cost insurance, you can estimate the cost to make repairs with new materials or to replace lost items with similar products within the next three months.

Step 6 – Evaluate the damage

An insurance adjuster will probably look at the damage to your property and prepare an estimate of loss. The amount of money the company pays on your losses will be based on this estimate. Consumers should make sure the estimate of loss covers all their losses and repairs necessary to restore the home's structural soundness, environmental safety, and appearance. The estimate may address mold, mildew, and structural damage due to contact with water, although many policies exclude such coverage.

Step 7 – Need a second opinion?

If you disagree with the adjuster's estimate of loss, you can get an independent appraisal of the damage at your own expense. If you do, we recommend that you hire a licensed contractor with a good reputation in the community. You can find out whether a contractor is licensed by the Oregon Construction Contractors Board from its Web site, **www.ccb.state.or.us**, or by calling 503-378-4621. The Better Business Bureau, 503-226-3981, is another source of information. We also suggest that you request and call references.

Step 8 – Resolve disputes

If either party disagrees with the other's damage estimate, it can initiate the appraisal clause of the contract. Each party selects a competent appraiser. The two appraisers select an independent umpire to resolve the dispute. If the appraisers can't agree on an umpire within 15 days, either party may ask a judge to select an umpire. Each party pays its own appraisal and attorney fees, but they split the umpire's fees equally.

A safety net for homeowners

Most states, including Oregon, have a safety net to protect consumers from financial loss if an insurance company becomes insolvent and is unable to pay claims. Oregon's safety net is called the Oregon Insurance Guaranty Association (OIGA). The association was established by state law and is generally composed of licensed insurance companies doing business in the state. It pays covered claims of Oregon resident policyholders and other claimants up to $300,000 if an Oregon-licensed insurance company becomes insolvent. Claims are paid according to terms of the original insurance policy, and the association won't pay any claim the insurance company would not have paid.

The OIGA assesses other member insurers to pay claim costs of insolvent insurers. Many homeowner insurers add a surcharge to recover their OIGA assessments. The surcharge amount will be indicated on your billing statement or policy renewal form.

Frequently asked questions

Q: Why did my producer (agent) tell me one price for my insurance, but the company is charging me more?

A: If a producer (agent) tells you one price, but your bill is for a higher premium, it could be that a simple mistake was made in processing your application. Check to see if the amounts of insurance, deductible, scheduled items, and policy endorsements are the same on the policy and the quote. If you can't find a discrepancy, check with your producer (agent) or company to find out if the bill is correct. If the bill is higher than you expected, ask for an explanation. You will probably find there is an honest misunderstanding between you and your producer (agent). These misunderstandings or "misquotes" can happen when the producer (agent) does not have accurate information about your property or about what kind of coverage you want.

Q: What is the difference between the "replacement cost" and the "actual cash value" of my property?

A: Replacement-cost coverage pays to replace your home and belongings with materials of "like kind and quality" at current prices. Actual-cash-value policies reimburse the depreciated value. A replacement-cost policy usually will cost a little more. Some companies no longer offer replacement-cost coverage.

Q: Why didn't the insurance company pay the appraised value of my loss?

A: The appraised value of your property is the value when the appraisal was made. Your property may have lost value since your last appraisal as a result of poor maintenance or depreciation.

If your house or belongings are damaged, your insurance company must pay your property's actual cash value at the time of the loss or its replacement value if your policy provides replacement-cost coverage.

Q: Why didn't my policy pay for damage caused by a flood?

A: Flood damage is not covered by most homeowner policies. A separate policy can be purchased through the National Flood Insurance Program (NFIP). For more information, contact your producer (agent) or insurance company, call NFIP, 888-379-9531, or check NFIP's Web site: **www.floodsmart.gov**.

Q: Why didn't my policy pay for seepage, dry rot, and vermin?

A: Generally, insurance policies exclude damage caused by seepage, dry rot, or vermin (animal pests). This is because these problems are usually the result of poor maintenance, not a "sudden and accidental" event.

Q: Why didn't my insurance pay to replace everything I lost?

A: Most homeowner policies have "dollar limits" on certain types of belongings. Generally, these limits are on items such as jewelry, furs, stamps, manuscripts, money, trailers, watercraft, guns, computers, antiques, silver and gold, memorabilia, tools, and business equipment. Talk to your producer (agent) or insurance company about increasing these limits to meet your needs.

Q: Why did the insurance company not renew my policy?

A: Insurance companies may cancel your policy if your property has deteriorated to a point that it no longer meets the company's underwriting standards. Insurance companies also may choose not to renew your policy if you have filed more claims than the average person. The average homeowner files a claim once every nine years.

Q: Why didn't I get a notice that my insurance policy was canceled?

A: Your company must send you notice at least 10 days in advance of your policy being canceled because you haven't paid your premium. The required notice may be in the form of a late billing notice. If your policy has been "non-renewed" (the company is not continuing to cover you for a reason other than nonpayment), the company must give you at least 30 days' notice that your coverage is ending.

Words to know

Actual cash value: The replacement cost of an item minus depreciation. For example, a couch that cost $900 two years ago is now worth $600. The actual cash value is $600.

Additional living expense: A form of insurance that pays a homeowner the increase in living expenses needed to temporarily maintain a household elsewhere (e.g., motel or hotel) when damage by an insured peril has made the home unlivable.

Adjuster: A representative of an insurance company who determines the amount of a loss and how much the company will pay for it.

Appraisal: A survey of property made to determine its insurable value.

Arbitration: Referral to impartial but knowledgeable parties when the company and the claimant cannot agree on the value of a claim. The arbitrator's decision is binding on both parties.

Binder: An acknowledgment that the insurance for which you applied is in force, whether or not you have paid for it or received a policy.

Debris removal: Coverage for the cost of removing debris resulting from damage caused by a covered cause of loss.

Deductible: Amount you agree to pay on each loss before your insurance company pays. Generally, the larger the deductible, the smaller your premium.

Depreciation: Decrease in the value of property over time due to wear and tear and obsolescence.

Dwelling: An insured's home.

Endorsement: An addition or extension of coverage to an insurance policy.

Exclusion: Hazards, circumstances, or property not covered by an insurance policy.

FAIR Plan: You may qualify for minimal fire and vandalism insurance through the Fair Access to Insurance Requirements (FAIR) Plan if you have difficulty obtaining traditional insurance protection for your home. This policy provides limited protection and no liability coverage.

Inflation guard endorsement: An endorsement to a homeowner policy that automatically increases the amount of insurance.

Insurance to value: An amount of insurance at, or close to, the value of the property insured.

Lapse: When premium payments are in default, an insurance contract becomes void and is said to have "lapsed."

Liability coverage: This coverage pays for damages you cause to other people and their property.

Named perils: Specific events covered by a policy, such as fire, windstorm, and theft.

Oregon Insurance Guaranty Association (OIGA): The OIGA settles unpaid claims when an insurer becomes insolvent and then assesses other member insurers to cover claim costs.

Perils: Events that cause damage to property, such as fire, windstorm, floods, and theft.

Personal property: An insured's personal belongings, such as clothing, jewelry, and furniture.

Proof of loss: A formal statement made by a homeowner that identifies specific damages.

Real property: A dwelling or home is often referred to as real property.

Replacement-cost value: The amount it would take to replace your home or personal items (of like kind and quality) or rebuild or repair your damages with materials of similar kind and quality.

Rider: A temporary addition to an insurance policy.

Scheduled items: Articles such as jewelry, furs, stamps, money, guns, computers, antiques, and other items that may exceed normal policy limits in your regular homeowner policy.

Underwriting: The basic role of an insurance company: examining and accepting or rejecting risks, and classifying the ones that are accepted to determine premiums.

Inventory

A written inventory that includes photographs or video of possessions is helpful in the event of a loss. The inventory should include original receipts for purchases as proof of losses when filing a claim. Make a photocopy of the inventory and keep the original in a safe place outside your home.

Items of special value

Some items are covered under homeowner policies on a limited basis. Find out which items are limited on your insurance policy. Itemize these types of possessions and their value. Check whether they are covered under your policy limits or need to be scheduled separately.

Items usually limited	*Value*	*Policy limit*
Jewelry, furs		
Fine art		
Antiques, heirlooms		
Silverware		
China/crystal		
Hobby items, tools, special collections		
Firearms, sporting equipment		

Other household items

Living room	*Year purchased*	*Cost*	*Receipt attached?*
Table			
Sofas			
Chairs			
Tables, stands			
Lamps			
Bookcase, shelves			
Draperies, rugs			
Television			
Stereo, VCR, DVD, etc.			
Decorations			
Woodstove, etc.			

Dining room	*Year purchased*	*Cost*	*Receipt attached?*
Table			
Chairs			
Lamps			
China hutch, etc.			
Sideboard			
Stands			
Rugs			
Draperies			
Linens			
Decorations			

Library/Den/Study	*Year purchased*	*Cost*	*Receipt attached?*
Desk			
Chairs			
Tables			
Rugs			
Draperies			
Cabinets			
Computers			
Office equipment			
Valuable books			
Decorations			

Inventory

Bedrooms	*Year purchased*	*Cost*	*Receipt attached?*
Beds			
Dressers			
Tables			
Chairs			
Lamps			
Rugs			
Draperies			
Decorations			
Bedding			
Clothes			
Accessories			
Baby furniture			

Hallways	*Year purchased*	*Cost*	*Receipt attached?*
Rugs			
Stands			
Storage closets			
Decorations			
Lighting fixtures			

Inventory

Kitchen/Pantry	*Year purchased*	*Cost*	*Receipt attached?*
Tables			
Chairs			
Stands			
Draperies			
Lighting fixtures			
Appliances:			
Oven/stove			
Microwave			
Food processor			
Dishwasher			
Washer/dryer			
Vacuum cleaner			
Refrigerator			
Freezer			
Cupboards/cabinets			
Dishware			
Kitchen tools, utensils			
Pots and pans			
Glassware, silverware			
Linens			
Miscellaneous stored items			

Miscellaneous	*Year purchased*	*Cost*	*Receipt attached?*
Sewing machine			

Inventory

Bathrooms	Year purchased	Cost	Receipt attached?
Fixtures			
Shower			
Tub			
Sink			
Commode			
Lighting			
Curtains			
Rugs			
Linens			
Appliances			
Accessories			
Baby furniture			

Shed/Garage	Year purchased	Cost	Receipt attached?
Furnace			
Water heater			
Water pump			
Tools			
Sporting equipment			
Building supplies			
Storm windows			
Screens			
Christmas items			
Miscellaneous stored items			

Porch/Patio/Deck	*Year purchased*	*Cost*	*Receipt attached?*
Outdoor furniture			
Lighting			
Barbecue			
Miscellaneous stored items			

Insurance publications

The Oregon Insurance Division publishes a variety of free publications for consumers. You may request a free copy by:

Mail: **Publications**
Oregon Insurance Division
P.O. Box 14480
Salem, OR 97309-0405

Telephone: 503-947-7984 or
888-877-4894 (toll-free)

E-mail: dcbs.insmail@state.or.us

Publications are also available on our Web site, **insurance.oregon.gov**; click on "Publications."

- *A Shopper's Guide to Long-term Care Insurance*
  Provides an overview of long-term care insurance, including costs and benefits. Published by the National Association of Insurance Commissioners.
- *Consumer alert: Beware of abusive Medicare insurance sales practices*
- *Consumer alert: Senior specialists*
- *Consumer alert: Suitable Annuities for Senior Citizens*
- *Consumer Guide to Auto Insurance*
  Provides an overview of auto insurance and gives money-saving tips for drivers.
- *Consumer Guide to Health Insurance*
  Provides an overview of health insurance and your health-care rights.
- *Consumer Guide to Long-Term Care Insurance in Oregon*
  Provides an overview of long-term care insurance and explains Oregon's requirements for long-term care policies.
- *Consumer Guide to Oregon Insurance Complaints*
  Ranks insurers from best to worst based on the number of consumer complaints to the Insurance Division.
- *Do you have insurance questions or complaints? We can help.*
  Explains the services available from the Insurance Division's Consumer Advocacy Unit.
- *Insurance advice for Oregon consumers*
  Answers frequently-asked questions about insurance.
- *Insurance Bill of Rights*
- *Long-Term Care Insurance: What you should know*
- *Oregon Complaint Report Part II*
  Breaks down consumer complaints against insurance companies by complaint type and disposition. There is a $25 charge for each year's report.
- *Preneed funeral plans and so-called "funeral insurance"*
  Discusses options for prepaying for your funeral.
- *Tips for seniors and their families*
  Avoid falling prey to a con artist or purchasing a product that is not suitable.
- *Your Rights When Purchasing Insurance and Annuities*

DEPARTMENT OF CONSUMER & BUSINESS SERVICES
Oregon Insurance Division
P.O. Box 14480
Salem, OR 97309-0405