

## Outline: Claims 101- Just the Basics

Disclaimer: Following presentation contains general information on basic property claims

Claims: Who, What, and How?

- Who is considered an insured?
  - You and residents of your household who are your relatives; or other persons under the age of 21 and in the care of any named above.
  - Student enrolled in school full time who was a resident of your house before moving out to attend school; 24 and your relative or 21 and in your care
- What is a storm created opening?
  - Missing/lifted shingles.
  - Broken window from object during a storm event.
  - Policies must be a storm created opening to trigger coverage to damages to the interior of the risk.
- What is the difference between a leak and a sudden and accidental water loss?
  - A leak occurs over time at a slow rate. (i.e. slow leak in an ice maker water line, leaking toilet, etc.)
  - A sudden and accidental loss (busted water heater line)
- The ensuing loss of that which fails may be covered; however, that which fails is **not** covered.
  - If a water heater bottom is rusted out, ensuing damages are covered but water heater is not.
- What is the difference in theft and vandalism/malicious mischief?
  - **Theft:** Result of stolen items
  - **Vandalism/Mischief:** Malicious and deliberate defacement or destruction of property.
- When is a risk considered vacant or unoccupied?
  - **Vacant:** Void of all furnishings and occupants
  - **Unoccupied:** Void of occupants

Replacement Cost/Actual Cash Value

- **Replacement Cost:** Cost to rebuild the risk back to pre-loss condition
- **Actual Cash Value:** Application of depreciation based on the age and condition of the damaged property prior to the loss.

Commercial Property Building and Personal Property Coverage Form

- Coinsurance
  - Definition

- Application
- Examples
- How is depreciation determined?
  - Determined by the normal useful life, the age and condition of the affected item immediately prior to the loss.
  - Examples

#### Policy preview of a Dwelling 1 and HO3

- Policies are based on ISO and is not in consideration of any carrier specific endorsements. (Always refer to actual insurance policy and endorsements.)

#### **Dwelling 1 Policy**

- Named “Peril Policy”
  - Claims Coverage A / Risk
    - Examples/Information
  - Claims Coverage B/ Other Structures
    - Examples/ Information
  - Claims Coverage C/ Contents
    - Examples/ Information
  - Claims Coverage D
    - Examples/ Information

#### **HO 3 Policy**

- All Risk Policy (except contents)
  - Claims Coverage A (Risk) and B (Other Structures)
    - Information/Examples
  - Claims Coverage C (Contents)
    - Information/Examples
  - Claims Coverage D
    - Information/Examples
- General Exclusions under HO3
  - Examples of generally excluded perils under risk coverage
  - Examples of generally excluded items under contents coverage

#### **Property Valuation**

Determining the amount of insurance required to equal 80% of the full replacement cost of the risk immediately before the loss.

- Items that are NOT included in the valuation

- Property Valuation Charts
- Understanding an Estimate (Examples)
- Sketch of location of damages in a building