

# Life, Health, & Wealth

## Homeowners Insurance 101

As a homeowner, your property is one of your biggest investments - an investment you want to protect from damage caused by unexpected and unpreventable events. Unfortunately, no matter what precautions you take to secure your home, fire, theft, and natural disasters can devastate your property.

Homeowners' insurance provides financial protection for your home and contents, compensating you for loss or damage so that you can replace, repair, or even rebuild. In addition, your homeowners' coverage protects you from the financial responsibility you might incur if your property or contents cause damage to another person. When you're buying homeowners' insurance, it's important to understand the coverage that will be provided, as well as the terms, conditions and exclusions outlined in the contract. Typical homeowners' policies will cover costs related to:

### **Damage to the interior or exterior of your home.**

In the event of damage due to fire, theft, vandalism, lightning, burst pipes, and other covered disasters, the insurance company will compensate you so that you can repair or rebuild. In The Bahamas, hurricane coverage is a significant consideration for homeowners who recognize that damage from strong winds, torrential rain, and storm surges can incur heavy repair or replacement costs. Hurricane coverage is a choice for the homeowner who can add this valuable protection to his/her homeowners' policy.

Homeowners' insurance typically covers replacement cost for your house, i.e. the value of your home without any deduction for depreciation, enabling you to repair

or rebuild up to the original value. Some policies cover the actual cash value of your house and belongings after deducting for depreciation. The insurance company will require a recent appraisal of your property to confirm its value.

### **Loss or damage to your personal belongings.**

Homeowners' insurance covers most of the contents of your home, e.g., your clothing, furniture, and appliances, if they're destroyed in a covered disaster. Specific items of value, e.g., jewelry and electronics, may require additional coverage. "Off-premises" coverage is also available for loss or damage to contents no matter where in the world it happens. Insurance companies usually have a limit on the amount to be reimbursed for loss or

damage to personal belongings, unless they're covered under a separate policy. Coverage for contents should be considered even if you're not a homeowner. Some landlords require that tenants have insurance coverage for their personal effects.

### **Personal liability for damage or injuries caused by you, your family, or your property.**

If someone is injured on your property, you'll be covered for any expenses you're expected to meet. So, if a visitor or employee slips on your wet floor, or your dog bites your neighbor, your personal liability coverage will help you meet any medical or compensatory expenses involved.

As with all types of insurance, your unique needs should be considered when

you're buying homeowners' coverage. If you have a mortgage, the lender will require specific insurance coverage to protect their investment. If you don't have a mortgage, you'll want to consider the level of coverage your property and personal belongings require, the premium you can afford, the deductible you can absorb, and the insurance company you want to provide your coverage. Homeowners' insurance is renewable annually, and you should ensure that any physical improvements to your home that affect its value are considered in the coverage.

Your agent or broker is the best person to guide you in securing the homeowners' insurance plan best suited to your circumstances.



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