

What are the different types of home insurance policies?

Contributed by Administrator
Wednesday, 26 December 2007
Last Updated Monday, 21 January 2008

Home insurance coverage has undergone several modifications since 1950. Prior to that, you have to buy separate home insurance coverage for theft, fire losses, personal property, and liability insurance and so on. But now the home insurance coverage includes all the aspects of insurance pertaining to your house.

There are different types of home insurance policies that offer different type of home insurance coverage. Various types of standardized home insurance policies are: HO- 1, HO-2, HO- 3, HO-4, HO-5, HO- 6, and HO- 8.

The most common home insurance policy that is availed is the HO- 3 which is due to the wide home insurance coverage offered by it. It offers coverage for all the parts of your home including its structure, contents as well as liability. This is also called as open perils policy or all risk policy.

The home insurance coverage for HO- 1 extends only up to selected items included in the policy while HO- 2 offers coverage for selected portions of your home against damage. The types of disasters covered under home insurance coverage includes fire or lightning, wind storm or hail, explosion, riot or civil commotion, damage caused by vehicles, smoke, vandalism or malicious mischief, damaged caused by air craft, volcanic eruption, falling object, theft, damage caused by ice, snow, sleet, sudden burst or explosion of water heater, air conditioner, or any other house hold system, short circuiting in the house hole appliances, etc. These are usually covered by HO- 4 type of home insurance policy. But home insurance coverage does not include disasters like floods, earth quakes and maintenance damage for which there are other types of insurance. Sometimes you can take supplemental coverage like extra coverage by giving endorsements.

HO- 6 home insurance coverage includes the condominium of yours as well as the property present inside the condominium. HO- 8 is the policy for older homes which covers similar perils like HO- 2 but offers only repair costs or actual cash value but not replacement cost.

It is essential to understand the coverage as well as exclusions to avoid hassles in future. Further, the coverage is different for different states of the US which has to be clearly assessed before taking any home insurance coverage. Apart from getting a proper coverage from a big company, you must also weigh it in terms of affordability.