

TOP 10 HOME INSURANCE MYTHS



1

All water losses to my home are covered.

If a pipe bursts in your kitchen or rain comes in through a wind-damaged roof, you are covered. Unfortunately for Oregonians, most policies exclude damage for:

- Flood (including surface water, waves, tidal water, overflow of a body of water, or spray from any of these). Flood insurance is available through the National Flood Insurance Program; ask your insurance company for information.
- Water or waterborne material that backs up through sewers or drains. Most insurance companies provide limited coverage for an additional premium; ask for more information on coverage and cost.
- Below-ground water or waterborne material (including water that exerts pressure on or leaks through a building, sidewalk, driveway, foundation, or other structure). Since this is not covered, you should regularly inspect gutters, downspouts, drainage systems, and outdoor irrigation systems to prevent this type of loss.

2

My insurance company can't refuse to insure me because of the breed of dog that I own.

Actually, it can. Dog bite claims can be quite expensive. Some insurers choose not to provide insurance to homeowners who own a breed with a history that suggests a dog bite claim is more likely.

3

If my neighbor's tree falls on my house, his insurance will pay for the repairs.

Maybe, if your neighbor knew (or should have known) that the tree was dying or there was a reasonable chance it would fall. However, if a windstorm blows over a perfectly healthy tree, your neighbor's insurance company may deny your claim because your neighbor did nothing wrong to cause your loss. In that case, your own policy would cover the damage, after you pay your deductible.

4

If my insurance company can't legally cancel my coverage for one claim, it cannot raise my rates either.

While your insurance company cannot cancel you for making one claim, many companies do offer the lower rates to policyholders who have never had a claim. If a claim is made, your rate may change. Because homeowner insurance rates are based on the cost to rebuild your home if you had a loss, rates are likely to increase over time as the cost of rebuilding increases.

5

Homeowner insurance covers expensive jewelry, coin collections, and gun collections in full.

Most homeowner policies provide personal property coverage, but there are special limits for some classes of property. Jewelry, for example, might be limited to \$1,500. Money and coin collections can have limits as low as \$200. Guns and other classes of property may also be limited. Periodically review your coverage with your agent or customer service representative to be sure you have adequate insurance for special items. If not, you can consider buying higher limits or specific endorsements.

6**If I injure someone while riding my motorized scooter, the liability coverage in my homeowner policy will pay the claim.**

The great thing about liability coverage is that it offers protection beyond injuries that occur on your property, from your dog biting the mailman to property damage caused by your actions. However, liability arising from the use of a motorized vehicle — even if it's just a scooter or a Segway — is not included. You need to buy specific coverage for that.

7**My homeowner policy will pay for landslide damage to my hillside home.**

Surprisingly, homeowner policies do not cover damage caused by earth movement. Earthquake coverage is available for an additional premium. While there is specialty coverage available for landslides, it's expensive and difficult to find.

8**It's not the insurance company's business whether I maintain my home and property.**

Homeowner insurance covers your losses from certain risks, including fire, windstorm, or theft. If poor maintenance increases those risks, your insurance company may opt to discontinue your coverage. Of course, it must notify you first and, in that case, you might be able to work with your insurer to correct the maintenance issues and keep your coverage.

9**My house is sitting empty while I try to sell it, but I'm not worried because my insurance will cover any damage that might occur.**

Check your policy. Most insurers exclude certain losses if your house is vacant or unoccupied for a period of time. Vandalism and malicious mischief, for example, are typically excluded after 60 days. Damage caused by frozen plumbing, heating, or air conditioning systems may not be covered unless you maintain heat in the building or drain the pipes. Because most companies choose to insure properties that are occupied, your insurance company may even choose to discontinue your coverage.

10**The collector car I have stored in my garage is covered by my homeowner insurance.**

Homeowner policies usually don't cover motor vehicles. If you have a collector car you want covered, you will need to get a policy from a specialty insurer.

For more information, contact the **Oregon Division of Financial Regulation** **888-877-4894** (toll-free) or visit dfr.oregon.gov