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[Homeowners insurance](#) policies are created to safeguard your house and effects against losses from the dangers provided in your policy. Home owners insurance rates differ widely based upon your geographic location. Areas susceptible to hurricanes, floods, hail, earthquakes, fires and other natural disasters will commonly have increased rates. In fact, the distance to the nearest fire department or fire hydrant might have an influence on your home owners insurance rates. Knowing Your Policy Is VERY Important Coverage for Property and Possessions Liability Coverage Theft Off Premises Additional Living Expenses What Can a Homeowner Do To Be Prepared? What Can a Homeowner Do To Save Money? Coverage for Property and Possessions Devastation to the residence and the valuables might be the biggest unanticipated disaster waiting for a homeowner who has lower coverage than required. Most policies provide a stated maximum level of coverage for the dwelling and another amount for contents. Usually, dwelling coverage is based on replacement cost, which means that in the event of a total loss, the policy will furnish reimbursement, up to the policy limit, to replace the structure. Essentially, a homeowner should buy more than enough insurance to completely rebuild the home, known as replacement value. This amount may not be the home's actual market value or what the owner actually paid for the home. This is especially true in a depressed or an inflated market or if the house is simply not replaceable to its condition prior to the loss. Replacement cost policies, which may pay over the policy limit to rebuild the home, may be available from your insurer. To figure out how much insurance to invest in, a detailed appraisal of the residence for replacement cost should be made. Partnering with your insurance company is vital in this process. The majority of insurers recommend or require that a [homeowner insure](#) the home for 100 percent of its full replacement value. Some homes, very one-of-a-kind ones such as national register-types or very extensive ones, can not be insured for exact replacement since some components are not replaceable in either workmanship, materials or practical costs. The insurer and/or the broker is the best source for these problems. Protection for personal property is different. Most policies provide true cash value coverage for contents which includes depreciation, or full value contents without depreciation. Actual cash value suggests that if a power surge blows out a 10-year-old television set, the homeowner should know what to expect. Unlike full value contents coverage, which would basically provide a new television set, actual cash value coverage allows the insurance company to determine the useful life of the item and then depreciate the item to present value. A depreciated 10-year-old television set would be insured for only a fraction of its original cost. A homeowner may want to consider replacement cost coverage to be sure that the contents are properly insured. In addition to ensuring that contents are covered for replacement cost rather than actual cash value, homeowners ought to purchase additional coverage for items that would ordinarily be subject to loss limitations. Essentially all policies cover contents loss up to the policy limit for items that include furniture, clothing, toys, accessories such as lamps and other items which are used for decor. Specific limitations are set in the policy for high-cost items such as jewelry, fine art, furs, electronics, collectibles, oriental rugs and antiques. If a prowler comes in and steals a two-carat engagement ring, it will not be covered well enough without what is generally known as a personal property rider to cover particular, expensive items. Typically, dwelling coverage is based on replacement cost, which means that in the event of a total loss, the policy will provide reimbursement, up to the policy limit, to replace the structure. Replacement cost policies, which may pay over the policy limit to rebuild the home, may be available from your insurer. The majority of policies offer actual cash value coverage for contents that includes depreciation, or full value contents without depreciation. Essentially all policies cover contents loss up to the

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policy limit for items that include furniture, clothing, toys, accessories such as lamps and other items which are used for decor. Explicit limitations are set in the policy for high-cost items such as jewelry, fine art, furs, electronics, collectibles, oriental rugs and antiques. [Homeowners Insurance Policy Basics](#)