

Are You Covered If . . . ?

If something just happened and you need to know if you're covered, you should immediately call your insurer or agent or take a look at your policy. But if you're simply wondering what's covered (and what's not) for future reference, you might start by familiarizing yourself with some real-life scenarios.

A word of caution

It's important to understand a few things upfront. First, there are several types of standard homeowners policies, and each provides different coverage. What's more, even policies of the same type often don't provide exactly the same coverage. Another key point: To say that you're covered for something doesn't always mean that you're fully covered. Out-of-pocket deductibles typically apply to the dwelling and personal-property portions of your policy, and every part of your policy is subject to coverage limits. Losses that exceed these limits must be paid out of your own funds.

Your house: are you covered if . . . ?

- › Lightning strikes a power line leading to your house and starts a fire? Yes. Fire damage is standard coverage.
- › A delivery truck careens off the road and smashes into your house? Yes. Damage from vehicles is standard coverage.
- › A pipe bursts in your cellar and covers your downstairs room with water? Yes. Water damage from burst pipes is standard coverage.
- › A huge gust of wind blows a tree onto your house? Yes. Windstorm damage is standard coverage in most parts of the country.
- › A repairperson damages your walls and ceilings? Yes. It doesn't matter who caused the damage.
- › The river behind your house floods, and you have water damage? No. Flood protection requires separate insurance. So does earthquake coverage.
- › Your house slides down a cliff? No. You need separate insurance to protect against this.

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- › Mice infest your home and chew up your insulation? No. The same exclusion applies to infestation by insects and other pests.
- › The market value of your home plummets? No. Market value has nothing to do with insurance that is based on replacement cost.
- › A house that you haven't lived in for months is vandalized? No. To be covered, the house can't have been vacant for more than 30 days.
- › You need to upgrade your home to meet local building codes? It depends. You may need an optional endorsement for this.
- › Your home is damaged by water coming in from backed-up sewers? It depends. This coverage may also require an endorsement.

Your personal property: are you covered if . . . ?

- › A wild animal gets into your house and rips apart your upholstery? Yes, unless the animal is a rodent or a pet of yours. If the rodent or pet causes a fire, you're covered for the fire damage.
- › A thief breaks into your home and steals your stereo, jewelry, and the family silver? Yes, but keep in mind that separate coverage maximum limits apply to some types of personal property.
- › Your golf clubs are stolen from the trunk of your car? Yes (even though the theft occurred off your premises), but you may not receive the full replacement value.
- › Your wardrobe is ruined by the smoke from a fire? Yes. Clothing falls under personal property coverage.
- › The power goes out on your block, causing the food in your refrigerator to spoil? Yes, under most policies (\$500 is a standard limit).
- › The laptop computer that you use for your home business is stolen? No. The laptop would be covered only if it were for personal use at home.
- › Your boat is damaged in a storm? No, unless it meets the requirements for a "small-motor" boat. Boats generally require separate insurance.

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- › Your central air-conditioning breaks down in the middle of summer? No. Homeowners insurance doesn't cover heating, cooling, and plumbing systems or home appliances for simple breakdown. If they are damaged by a covered peril, such as fire, they are covered.
- › A repairperson scratches up your furniture? No, in most cases. Damage to your personal property is usually covered only when it's caused by a named peril (e.g., fire or vandalism).
- › A company dumps toxins into the creek that runs through your yard? No. The company that did this would be responsible for the cleanup bill and other damages.
- › Your fine art collection is stolen? It depends. In many cases, you need a special endorsement to cover valuable art and antiques.
- › The movers you hired damage your belongings? It depends. Some policies will cover insured property during a move. Otherwise, you need separate transit insurance.

Your liability: are you covered if . . . ?

- › You accidentally leave your boots on the front step, and your invited neighbor trips over them, breaking her hip? Yes. This is a straightforward liability question.
- › You accidentally run your shopping cart over a man's foot at the grocery store, breaking his foot? Yes. Your liability coverage protects you off your premises as well as on.
- › Your son hits a baseball through your neighbor's window? Yes, as long as your son didn't break the window on purpose.
- › Your dog bites a passerby on the street? Yes. However, many insurers will cover you only for a certain number of dog bites (in some cases, only one).
- › After an accident at your home, the injured party brings a lawsuit against you, and you're saddled with legal fees? Yes. Most homeowners policies cover the costs of defending you against lawsuits.
- › A client is injured by falling boxes in your home office? No. Separate liability coverage is needed when you run a business out of your home.
- › You're renting out part of your house, and your tenant's stuff is stolen from the premises? No, and you're not liable, either. Your tenant needs renters insurance to protect his or her belongings.

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- › You beat up someone who insulted your wife? No. Homeowners insurance does not cover liability arising from injuries you have intentionally caused.
- › You throw a rock at a squirrel and it hits and injures a neighbor? Yes, because even though throwing the rock was an intentional act, you didn't mean to hurt your neighbor.
- › You swing the sail on your boat and accidentally hit your passenger with it? No. Homeowners insurance does not cover liability arising from the use of boats and watercraft.
- › You accidentally run someone over while driving down the street? No, because your auto insurance would cover your liability in a case like this.
- › A tree falls from your yard into your neighbor's yard, breaking his fence? It depends. Your neighbor's insurance would generally cover damage to his own property. However, if you were negligent (e.g., your neighbor told you the tree was dying, and you did nothing), you'd have to turn to your own liability coverage.

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