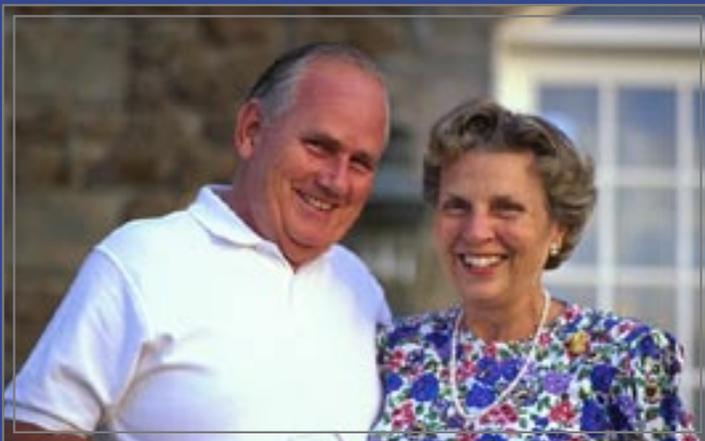
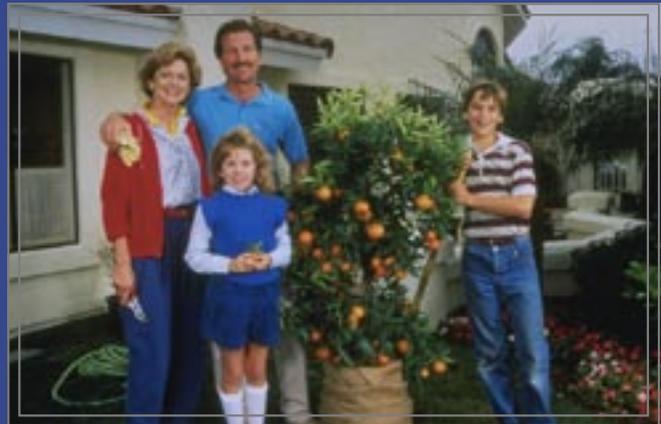


Consumer Guide to Homeowner and Tenant Insurance



**Oregon
Insurance
Division**

About the Oregon Insurance Division

The mission of the Insurance Division is to administer the Insurance Code for the protection of the insurance-buying public while supporting a positive business climate.

We ensure the financial soundness of insurers, the availability and affordability of insurance, and the fair treatment of consumers by doing the following:

- Licensing insurance companies and monitoring their solvency
- Reviewing insurance products and premium rates for compliance
- Licensing insurance agents and consultants
- Resolving consumer complaints
- Investigating and penalizing companies and agents for violations of insurance law
- Monitoring the marketplace conduct of insurers and agents
- Educating the public about insurance issues
- Advocating reforms that protect the insurance-buying public

Call us for help!

■ Consumer Advocacy Unit — (503) 947-7984 or (888) 877-4894 (toll-free in Oregon)

You have the right to seek assistance from the Insurance Division at any time by filing a formal complaint against an insurance company or agent. A copy of the complaint is sent to the insurance company. A response from the insurance company or agent must be received at the Insurance Division within 21 days. If the response is not adequate, a consumer advocate will work with you and the insurance company to try to resolve the problem. The Insurance Division will forward a copy of the insurance company's response to you. If a law has been broken, the matter may be referred to the Insurance Division's Investigations Unit.

■ Financial Regulation Section — (503) 947-7982

To find out if a company is authorized to sell insurance in Oregon, call our Company Section or visit our Web site, insurance.oregon.gov; click on "Company Information."

■ Producer Licensing Unit — (503) 947-7981

To find out if your insurance producer (agent) is licensed to do business in Oregon, call our Producer Licensing Unit or visit our Web site, insurance.oregon.gov; click on "Producer (Agent) Information."

Visit our Web site!

The Oregon Insurance Division's Web site includes all of our publications as well as other useful information for consumers. You can file a complaint against an insurance company or agent, check to see if an insurer is authorized to do business in Oregon, and find out if your insurance agent is licensed in Oregon. Our Web address: insurance.oregon.gov.

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Choosing an insurer

Insurance protection for your home, personal belongings, and personal liability exposure is available through a homeowner policy. Homeowner insurance is usually required by mortgage holders. In addition to your home, you'll want to have coverage for your personal property and to protect against liability for injuries you cause to other people or damage to their property on or off the premises.

If you're a renter, you'll want to have protection for your furniture and other personal property that isn't covered by your landlord's insurance.

Coverage and costs vary greatly by company, so it's important to shop around when choosing an insurance company.

This guide can help lower the cost of your homeowner or tenant insurance and increase the value you receive. It includes information about what kinds of coverage are available, how to shop for insurance, and tips to hold down your costs. It also allows you to compare rates for some of the major insurance companies doing business in Oregon.

This booklet is designed to be used as a guide to help you understand your insurance policy and make informed choices. It doesn't cover all situations. For specific information about coverages and rates, you'll need to review your policy, especially the declarations page, contact your individual agent, or contact your insurance company.

Comparison shopping takes a little more time, but it can save you money!

However, cost is just one factor to consider when choosing an insurance company. It's also important to look at the company's financial condition and how it treats its policyholders.

A company's financial information is available from the following organizations that rate insurance companies. Companies may charge a fee for their services.

- **A.M. Best Company**
(908) 439-2200
www.ambest.com
- **Fitch, Inc.**
(800) 853-4824
www.fitchratings.com
- **Moody's Investor Services**
(212) 553-0377
www.moody.com
- **Standard & Poor's Rating Information Services**
(212) 438-2400
www.standardandpoors.com
- **Weiss Ratings, Inc.**
(800) 289-9222
www.weissratings.com

One source of information about how companies treat their policyholders is the *Consumer Guide to Oregon Insurance Complaints*, which annually ranks insurers from best to worst based on the number of consumer complaints received by the Insurance Division. To request a copy, call (503) 947-7984 or (888) 877-4894 (toll-free in Oregon). The guide also is on our Web site: insurance.oregon.gov.

How to be an informed consumer

The key to comparison shopping is deciding what coverage you need and then getting premium estimates (rate quotes) from a number of insurers. Make sure you're comparing similar policies when asking for rate quotes. Each policy should provide the same amount of coverage for your home, its personal contents, liability protection, and medical payment coverage. Differences in deductibles or policy endorsements can cause large variances in premiums. For example, if you want full replacement-value protection on your house and personal items, make sure this coverage is included in all policies you consider.

Underwriting standards

Underwriting standards are rules insurance companies use to decide whether to insure your property. A company may decline your application for coverage if your property does not meet its underwriting standards. Each company has its own underwriting requirements, but typical ones include:

- Type of construction (brick, frame, stucco, etc.)
- Exterior lighting or security systems
- Condition of your home
- Property upkeep and maintenance

How to be an informed consumer

- Home value
- Proximity to local fire department

Insurance companies will review the number and size of claims that you've filed. You may experience problems obtaining homeowner insurance if you have more claims than the average family, which files a homeowner or renter claim once every nine years.

Credit scoring

Many insurance companies look at a consumer's credit history to decide whether to issue or renew an auto or home insurance policy or how much to charge. This practice is known as credit scoring or insurance scoring.

Insurance scoring has been controversial, and a number of states, including Oregon, have placed limits on its use. In Oregon, insurers can't use a policyholder's credit information to raise premiums. Also, the law prohibits insurers from canceling or refusing to renew existing policies because of credit history problems.

Insurers can use credit information when deciding whether to issue a new policy, but only if they can document that it helps them predict future claim costs and price their products fairly. At the same time, they must demonstrate that credit information is used as part of an evaluation system that also relies on other relevant factors.

Oregon insurers and agents must tell consumers how the company uses credit information before running credit checks. If a company uses credit information to prescreen applicants, the company must notify you of this before running a credit check.

If an insurer uses credit information to make an "adverse" decision, such as not to offer the best rate or not to offer a policy, the insurer must give you specific reasons for the adverse action. You have a right to a free copy of your credit report from the credit bureau. If you find an error in your credit report and arrange with the credit bureau to correct it, you can ask the insurer to reconsider.

Credit information is available from three credit bureaus:

- Equifax —
www.credit.equifax.com or (800) 685-1111
- Experian —
www.experian.com or (888) 397-3742
- Trans Union —
www.transunion.com or (800) 888-4213

If there are mistakes, ask the credit bureau to correct the information.

Your right to be treated fairly

An insurance company cannot deny, refuse to renew, limit, or charge more for coverage because of your race, color, religion, or national origin. A company also cannot deny, refuse to renew, limit, or charge more for coverage because of your age, gender, marital status, disability, or partial disability unless the refusal, limitation, or higher rate is based on sound underwriting or actuarial principles.

In addition, a company cannot unfairly discriminate between individuals of the same (rate) class and essentially the same hazard (risk) in its rates, policy terms, benefits, or in any other manner unless the refusal, limitation, or higher rate is based on sound actuarial principles.

What to do if you can't get coverage

You may qualify for limited coverage under the Oregon Fair Access to Insurance Requirements Plan if you have difficulty obtaining traditional insurance protection for your home. The FAIR Plan provides limited coverage and does not provide liability protection. Additional information can be obtained from your insurance agent or:

Oregon FAIR Plan Association
8285 SW Nimbus Avenue, Suite 104
Beaverton, OR 97008-6466
(503) 643-5448

Saving money

Many companies offer discounts if you insure your automobile and home with the same company. Another way to save is to install security devices in your home. A higher deductible also will help reduce your premium.

What is covered?

Homeowner basic coverages

There are personal insurance policies designed to protect homeowners, condominium owners, and renters. Insurance coverage is determined by named perils and exclusions in a policy. Perils are events that cause damage to property. Examples include fire, rain, wind, vandalism, and falling objects.

Policy packages

Homeowner policies are sold as a package. In your policy, Part 1 provides protection for your real and personal property, and Part 2 provides personal liability protection.

Part I: Property protection

The property-protection portion of your policy is in sections. These sections identify the benefit limits associated with your property.

Coverage A: Covers your house; attached structures; fixtures in the house such as built-in appliances; plumbing, heating, and permanently installed air-conditioning systems; and electrical wiring.

Coverage B: Covers detached structures such as garages; storage sheds; and fixtures attached to the land, including fences, driveways, sidewalks, patios, retaining walls, etc. Detached structures used for business purposes aren't covered under a personal homeowner policy.

Coverage C: Covers personal property, including the contents of your home and other personal items owned by you or family members who live with you. This protection can be based on actual cash value or replacement cost. Home insurance policies may provide limited coverage for small boats; however, most home insurance policies don't cover motorized vehicles unless they are unlicensed and used only at your home. Some items may have coverage limits. These may include firearms, artwork, business property, electronic data, jewelry, and money. Extra coverage is usually available by adding endorsements to your policy.

Coverage D: Covers living expenses over and above your normal living expenses if you cannot live in your home while repairs are being made or if you are denied access by government order.

Additional property coverages: Homeowner policies may provide limited coverage for debris removal; damaged trees, shrubs, other plants, and lawns; fire-department service charges; property removal; theft or illegal use of credit or transfer

cards; collapse of buildings; or glass breakage, if caused by a covered peril. Coverage for these items is controlled by individual policy limitations. Check your policy for details.

Policy example: A typical policy starts with the dwelling value and has the following ratios among coverages:

- A. Dwelling \$100,000
- B. Other structures..... \$10,000
(usually 10% of dwelling amount)
- C. Personal property* \$70,000
- D. Additional living expense \$20,000
(usually 20% of dwelling amount)

* Personal property is usually covered at 70 percent of the dwelling amount for replacement cost policies and 50 percent of the dwelling amount for actual cash value policies.

Insuring to value

It's important to have enough insurance to cover the value of your home and belongings. You usually can purchase endorsements or add-on benefits to provide extra protection in areas that have limited coverage. Consult your agent or insurance company to find out if these endorsement options are available.

1. **Guaranteed replacement cost coverage** will pay the cost to rebuild your home as long as you have met the requirements of your insurance policy.
2. **Extended replacement cost coverage** insures your home for a specific value and usually adds a 20-25 percent cushion — or extended limit — if reconstruction costs run over.
3. **Inflation guard** increases the amount of your homeowner insurance to keep up with inflation so that you can maintain adequate coverage to replace your home in the event of a loss.
4. **Scheduled personal property** protects articles such as jewelry, furs, stamps, coins, guns, computers, antiques, and other items that often exceed normal policy limits in your regular homeowner policy. It often provides coverage that is broader than the coverage in the home insurance policy. There normally isn't a deductible for this coverage. Increased limits on money and securities provide additional coverage for money, bank notes, securities, deeds, etc.

What is covered?

5. **Secondary residence** provides protection for a second home, such as a summer residence.
6. **Theft coverage protection** broadens the theft coverage to include personal contents in your motor vehicle, trailer or watercraft to be covered without proof of forcible entry.
7. **Credit-card forgery and depositor's forgery coverage** provides protection against loss, theft or unauthorized use of credit cards. It also covers forgery of any check, draft, promissory note, etc.
No deductible applies to this endorsement. Consult your agent or insurance company regarding any exceptions that may apply.
8. **Code upgrade coverage** provides protection for older homes that may need to be upgraded due to building codes. For example, if a fire damaged the electrical system in your older home, you would probably be required to install circuit breakers instead of continuing to use fuses.

Part II: Liability protection

- **Personal liability:** Your policy provides personal liability coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities anywhere. This coverage does not provide protection for auto and business-related incidents. The standard policy is usually written to pay up to \$100,000 per claim. This coverage protects you and all family members who live with you.
- **Personal umbrella policy:** A separate personal umbrella policy can be purchased to provide extra liability protection if you are sued. An umbrella policy will start paying when your regular homeowner policy's liability limits are exhausted. For example, a friend is seriously injured while jumping on a trampoline in your back yard. The friend sues for damages. The amount of damage exceeds the homeowner liability limits. A personal umbrella policy would provide additional protection.
- **Watercraft** extends personal liability and medical payments coverage to sailboats and power boats. Consult your agent or insurance company about personal watercraft to see if a separate policy is recommended to provide adequate coverage.

Medical expenses for others

Your policy includes coverage to pay medical expenses for persons accidentally injured on your property regardless of fault. Medical-expense payments do not apply to your injuries or those of family members living with you or to activities involving your at-home business. The standard policy is usually written to provide medical expense payments of \$1,000 per person.

Policy exclusions: items not covered

Most policies do not cover injuries to animals; damage to motor vehicles, aircraft, and parts; losses due to floods, mudslides, or water damage from sewer backups; damage resulting from war or nuclear hazard, neglect, earthquakes, power failures, seepage, dry rot, or vermin (animal pests). Consult your agent or insurance company and review your policy for its exclusions.

Manufactured-home coverage

Insurance companies may offer insurance protection for manufactured homes under a standard homeowner policy or under a manufactured home policy. You may find extreme variances in both insurance coverage and premiums. It is wise to compare products carefully. Most companies look at the following criteria to determine whether to provide insurance coverage for a manufactured home:

- High-quality continuous skirting
- Continuous concrete foundation or a manufacturer-approved pier system
- Anchors or tie-downs
- Age and quality of the home (usually 10 years or less)
- Pitched composition roof

Many companies will not insure the following risks:

- Homes with a wood-burning device not installed by the manufacturer
- Homes in unprotected areas
- Homes occupied by tenants

What is covered?

Obtaining protection for certain perils

You can obtain additional protection for the following types of situations that are not covered under most homeowner policies:

- **Flood insurance** is a separate policy that can be purchased through the National Flood Insurance Program. A lender will require flood insurance if your home is located on a floodplain. For more information, contact your agent or insurance company, call NFIP, (888) 724-6924, or check NFIP's Web site: www.floodalert.fema.gov.
- **Earthquake insurance** is available through most insurance companies at an additional cost, usually as an endorsement to a homeowner policy.
- **Mudslides** are typically not covered on homeowner policies. Check with your agent or insurance company to see if your homeowner policy includes this protection.

Renter insurance

You can purchase a renter or tenant insurance policy to protect your personal belongings, which are not covered by your landlord's insurance. This policy also will provide personal liability protection the same as a homeowner policy. A price comparison illustration for a renter policy is on Page 16.

Condominium insurance

A condominium association should purchase a policy that covers the building, including common walls and grounds, as well as liability protection associated with common grounds. You have the right to examine the association's policy.

You may purchase a unit owner's policy to protect your personal belongings, including the interior walls, floor, and ceiling coverings of the condominium, and any accessories not originally installed in the unit. It also provides personal liability protection.

Terrorism coverage

Insurance companies cannot exclude coverage of damage due to acts of terrorism.

How can I lower my premiums?

You can do a number of things to qualify for insurance coverage at a lower premium:

- Install deadbolt locks on all exterior doors, fire and burglar alarm systems, and adequate outdoor lighting.

Consumer tip

Make an inventory of all your personal belongings. Include the year each item was purchased, its costs, and a receipt. Photograph or videotape your possessions. Make a photocopy of the inventory and keep the original in a safe place outside your home.

A sample inventory form is on Pages 20-25 of this booklet.

- Keep your property well-maintained and remove garbage and other hazards that might increase the chance of fires, accidents, or burglaries.
- Don't keep a dog that has a history of biting.
- Repair crumbling sidewalks and dilapidated steps.
- Review your credit record and correct errors.
- Consider increasing your deductible. Make sure you can afford to pay the higher deductible if you have a loss.
- Consider purchasing your home and auto insurance from the same company. You may qualify for a discount.

How to file a claim

Step 1 – Understand your policy

Before you have a loss, sit down and carefully read your insurance policy. If you have any questions at all about what is or is not covered, call your agent or company.

Step 2 – Make an inventory

Before you have a loss make a list of all of your household goods. Photos and videos can help document the things that you own and their value. It is important to list even small items such as kitchen utensils and clothing accessories.

Step 3 – Protect your property

Do everything that you can to prevent damage to your house and property. In order to collect on a claim, you must demonstrate that you tried to prevent further damage.

Step 4 – Notify your insurer

After a loss, tell your agent or insurance company as soon as possible. You will find the telephone number on your policy. Your insurer will tell you whether the loss is covered by your policy.

Step 5 – Sign a proof-of-loss statement

Within a month or two, your insurer may ask you to sign a sworn proof-of-loss statement and to provide a list of lost items and their values. Because the insurance company will pay you the actual cash value, save receipts for items that you replace. If you have replacement-cost insurance, you can estimate the cost to make repairs with new materials or to replace lost items with similar products within the next three months.

Step 6 – Evaluate the damage

An insurance adjuster will probably look at the damage to your property and prepare an estimate of loss. The amount of money that the company pays on your losses will be based on this estimate. Consumers should make sure that the estimate of loss covers all their losses and repairs necessary to restore the home's structural soundness, environmental safety, and appearance. The estimate may address mold, mildew, and structural damage due to contact with water, although many policies exclude such coverage.

Step 7 – Need a second opinion?

If you disagree with the adjuster's estimate of loss, you can get an independent appraisal of the damage at your own expense. If you do, we recommend that you hire a licensed contractor with a good reputation in the community. You can find out whether a contractor is licensed by the Oregon Construction Contractors Board from its Web site, www.ccb.state.or.us, or by calling (503) 378-4621. The Better Business Bureau, (503) 226-3981, is another source of information. We also suggest that you request and call references.

Step 8 – Resolve disputes

If either party disagrees with the other's damage estimate, it can initiate the appraisal clause of the contract. The two sides select an independent umpire. If the appraisers can't agree on an umpire within 15 days, either party may ask a judge to select an umpire. Each party pays its own appraisal and attorney fees, but they split the umpire's fees equally.

A safety net for homeowners

Most states, including Oregon, have a safety net to protect consumers from financial loss if an insurance company becomes insolvent and is unable to pay claims. Oregon's safety net is called the Oregon Insurance Guaranty Association. The association was established by state law and is generally composed of licensed insurance companies doing business in the state. It pays covered claims of Oregon resident policyholders and other claimants up to \$300,000 if an Oregon-

licensed insurance company becomes insolvent. Claims are paid according to terms of the original insurance policy and the association won't pay any claim the insurance company would not have paid. The OIGA assesses other member insurers to pay claim costs of insolvent insurers. Many homeowner insurers add a surcharge to recover their OIGA assessments. The surcharge amount will be indicated on your billing statement or policy renewal form.

Frequently asked questions

Q: Why did my agent tell me one price for my insurance, but the company is charging me more?

A: If an agent tells you one price, but your bill is for a higher premium, it could be that a simple mistake was made in processing your application. Check to see if the amounts of insurance, deductible, scheduled items, and policy endorsements are the same on the policy and the quote. If you can't find a discrepancy, check with your agent or company to find out if the bill is correct. If the bill is higher than you expected, ask for an explanation. You will probably find there is an honest misunderstanding between you and your agent. These misunderstandings or "misquotes" can happen when the agent does not have accurate information about your property or about what kind of coverage you want.

Q: What is the difference between the "replacement cost" and the "actual cash value" of my property?

A: Replacement-cost coverage pays to replace your home and belongings with materials of "like kind and quality" at current prices. Actual-cash-value policies reimburse the depreciated value. A replacement-cost policy will usually cost a little more. Some companies no longer offer replacement cost coverage.

Q: Why didn't the insurance company pay the appraised value of my loss?

A: The appraised value of your property is the value when the appraisal was made. Your property may have lost value since your last appraisal as a result of poor maintenance or depreciation.

If your house or belongings are damaged, your insurance company must pay your property's actual cash value at the time of the loss or its replacement value if your policy provides replacement cost coverage.

Q: Why didn't my policy pay for damage caused by a flood?

A: Flood damage is not covered by most homeowner policies. A separate policy can be purchased through the National Flood Insurance Program (NFIP). For more information, contact your agent or insurance company, call NFIP, (888) 724-6924, or check NFIP's Web site: www.floodalert.fema.gov.

Q: Why didn't my policy pay for seepage, dry rot, and vermin?

A: Generally, insurance policies exclude damage caused by seepage, dry rot, or vermin (animal pests). This is because these problems are usually the result of poor maintenance, not a "sudden and accidental" event.

Q: Why didn't my insurance pay to replace everything I lost?

A: Most homeowner policies have "dollar limits" on certain types of belongings. Generally, these limits are on silverware, guns, jewelry, watches, furs, and computers. The limits usually cover losses of the average person. Talk to your agent or insurance company about increasing these limits to meet your individual needs.

Q: Why did the insurance company not renew my policy?

A: Insurance companies may cancel your policy if your property has deteriorated to a point that it no longer meets the company's underwriting standards. Insurance companies may also choose not to renew your policy if you have filed more claims than the average person. The average homeowner files a claim once every nine years.

Q: Why didn't I get a notice that my insurance policy was canceled?

A: Your company must send you notice at least 10 days in advance of your policy being canceled because you haven't paid your premium. The required notice may be in the form of a late billing notice. If your policy has been "non-renewed" (the company is not continuing to cover you for a reason other than non-payment), the company must give you at least 30 days' notice that your coverage is ending.

Actual cash value: The depreciated amount it would take to repair or replace your home or personal property. For example, a couch that cost \$900 two years ago is now worth \$600. The actual cash value is \$600.

Additional living expense: A form of insurance that pays a homeowner the increase in living expenses needed to temporarily maintain a household elsewhere (e.g., motel or hotel) when damage by an insured peril has made the home unlivable.

Adjuster: A representative of an insurance company who determines the amount of a loss and how much the company will pay for it.

Appraisal: A survey of property made to determine its insurable value.

Arbitration: Referral to impartial but knowledgeable parties when the company and the claimant cannot agree on the value of a claim. The arbitrator's decision is binding on both parties.

Binder: An acknowledgment that the insurance for which you applied is in force, whether or not you have paid for it or received a policy.

Debris removal: Coverage for the cost of removing debris resulting from damage caused by an insured peril.

Deductible: Amount you agree to pay on each loss before your insurance company pays. Generally, the larger the deductible, the smaller your premium.

Depreciation: Decrease in the value of property over time due to wear and tear and to obsolescence.

Dwelling: An insured's home.

Endorsement: An addition or extension of coverage to an insurance policy.

Exclusion: Hazards, circumstances, or property not covered by an insurance policy.

FAIR Plan: You may qualify for minimal fire and vandalism insurance through the Fair Access to Insurance Requirements (FAIR) Plan if you have difficulty obtaining traditional insurance protection for your home. This policy provides limited protection and no liability coverage.

Inflation guard endorsement: An endorsement to a homeowner policy that automatically increases the amount of insurance every three months.

Insurance to value: An amount of insurance at, or close to, the value of the property insured.

Lapse: When premium payments are in default, an insurance contract becomes void and is said to have "lapsed."

Liability coverage: This coverage pays for damages you cause to other people and their property.

Named perils: Specific events covered by a policy, such as fire, windstorm, and theft.

Oregon Insurance Guaranty Association (OIGA): The OIGA settles unpaid claims when an insurer becomes insolvent and then assesses other member insurers to cover claim costs.

Perils: Events that cause damage to property, such as fire, windstorm, floods, and theft.

Personal property: An insured's personal belongings, such as clothing, jewelry, and furniture.

Proof of loss: A formal statement made by a homeowner that identifies specific damages.

Real property: A dwelling or home is often referred to as real property.

Replacement cost value: The amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality. For example, a couch cost \$900 when purchased but a comparable one now costs \$1,200. A replacement cost value policy would pay you the \$1,200 if you provide a receipt showing you actually purchased the replacement couch.

Rider: A temporary addition to an insurance policy.

Scheduled items: Articles such as jewelry, furs, stamps, coins, guns, computers, antiques, and other items that may exceed normal policy limits in your regular homeowner policy.

Underwriting: The basic role of an insurance company: examining and accepting or rejecting risks, and classifying the ones that are accepted to determine premiums.

New law protects homeowners

The 2005 Legislature approved a “homeowner bill of rights” to protect Oregonians from unfair treatment by insurance companies. The measure, Senate Bill 118, will take effect in January 2006.

SB 118 requires insurers to disclose to consumers whether the insurer uses loss-history databases (similar to credit histories) in homeowner insurance underwriting. If the insurer uses these databases, it must explain how the database is being used, how the consumer can get a free copy of his or her loss history, and how to correct inaccurate data. The bill also gives consumers the following protections:

- Limits to five years the period in which insurance companies can “look back” on consumers’ claims histories, thus putting a limit on the time for which a consumer can be “penalized” for past losses.
- Prohibits insurers from treating inquiries by policyholders as claims, thus protecting consumers’ rights to seek information from their insurer and decide whether or not to file claims.
- Restricts mid-term policy cancellations by the insurer to policyholder fraud, misrepresentation, nonpayment, violation of terms or conditions, and substantial increases in risk of loss after insurance coverage has been issued.
- Prohibits insurers from canceling or not renewing policies for the first claim in a five-year period, which protects consumers from losing their insurance for filing a claim.
- Requires insurers to provide at least 30 days’ notice of policy renewal or nonrenewal.
- Prohibits insurers from using claims made under prior ownership to cancel or nonrenew policies or increase rates when the cause of the past claims is shown to be mitigated.

The Insurance Division drafted SB 118 in response to complaints from homeowners about unfair treatment by insurance companies.

Price comparisons

Homeowner insurance costs vary widely among companies doing business in Oregon. The price comparison illustrations on Pages 11-16 show why it’s important to shop around for homeowner insurance.

We asked the 25 largest companies that sell homeowner insurance in Oregon to quote annual premiums for a homeowner policy and a renter (tenant) policy in four cities. A total of 14 companies submitted quotes.

Please note that premiums are quoted as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.

Also, please note that coverage limits are for illustration purposes and are not recommended levels of coverage. For specific information about rates, contact individual insurance producers (agents) or insurance companies.

A Homeowner Special Form (HO-3) policy was used for the homeowner illustration because 85 percent of homeowners select this coverage. The quote is for a 1997 frame house with gas heat, no fireplace, and a composite shingle roof. Replacement value: \$200,000 for a dwelling with no outbuildings. Full replacement value for the contents: \$140,000. Medical expenses: \$1,000. Liability protection: \$100,000.

Illustrations show the additional cost for earthquake protection. Insurance for homes located in remote areas without a fire hydrant or manned fire department will cost more due to the fire risk. Some insurance companies do not offer protection for homes in these areas. Illustrations show which companies offer policies in an unprotected area outside of Pendleton and the cost for coverage.

General description: Homeowner (HO-3) policy for a 1997 frame house with gas heat, no fireplace, composite shingle roof. Fire hydrant within 1,000 feet and a responding fire station within five miles. Replacement value: \$200,000 dwelling with no outbuildings. Full replacement value for contents: \$140,000. Medical expenses: \$1,000. Liability: \$100,000.

Insurance company	\$250 deductible	\$500 deductible	\$250 deductible with earthquake coverage	\$500 deductible with earthquake coverage
1. Allstate Indemnity	408	321	556	469
2. American Family Insurance	499	456	595	552
3. County Mutual	388	343	502	457
4. Farmers Insurance Co. of Oregon	373	341	589	492
5. Liberty Mutual Insurance	554	499	700	645
6. Mutual of Enumclaw	487	443	689	645
7. Nationwide	528	471	675	618
8. North Pacific	554	476	729	651
9. Oregon Mutual	572	508	721	657
10. Standard Fire Insurance	529	485	689	645
11. State Farm Fire & Casualty	589	523	715	649
12. Unigard Indemnity	561	505	684	628
13. United Services Automobile Assoc.	518	450	702	634
14. USAA Casualty	570	495	754	679

Notes

- All figures are rounded.
- Premiums are for one year, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company Information, Pages 17-19, for additional information about each company's quotes.
- The rate comparisons in this booklet are designed to be used as a guide and don't cover all situations. For specific information about rates, contact individual insurance producers (agents) or companies.

Price comparisons Pendleton (protected territory)

General description: Homeowner (HO-3) policy for a 1997 frame house with gas heat, no fireplace, composite shingle roof. Fire hydrant within 1,000 feet and a responding fire station within five miles. Replacement value: \$200,000 dwelling with no outbuildings. Full replacement value for contents: \$140,000. Medical expenses: \$1,000. Liability: \$100,000.

Insurance company	\$250 deductible	\$500 deductible	\$250 deductible with earthquake coverage	\$500 deductible with earthquake coverage
1. Allstate Indemnity	458	365	606	513
2. American Family Insurance	511	466	549	504
3. County Mutual	431	381	477	427
4. Farmers Insurance Co. of Oregon	450	411	668	561
5. Liberty Mutual Insurance	539	486	593	540
6. Mutual of Enumclaw	478	435	576	533
7. Nationwide	581	518	636	573
8. North Pacific	507	435	664	592
9. Oregon Mutual	485	431	612	558
10. Standard Fire Insurance	479	439	639	599
11. State Farm Fire & Casualty	639	567	685	613
12. Unigard Indemnity	570	513	693	636
13. United Services Automobile Assoc.	551	478	735	662
14. USAA Casualty	606	526	790	710

Notes

- All figures are rounded.
- Premiums are for one year, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company Information, Pages 17-19, for additional information about each company's quotes.
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Pendleton (unprotected territory) Price comparisons

General description: Homeowner (HO-3) policy for a 1997 frame house with gas heat, no fireplace, composite shingle roof. Fire hydrant within 1,000 feet and a responding fire station within five miles. Replacement value: \$200,000 dwelling with no outbuildings. Full replacement value for contents: \$140,000. Medical expenses: \$1,000. Liability: \$100,000.

Insurance company	\$250 deductible	\$500 deductible	\$250 deductible with earthquake coverage	\$500 deductible with earthquake coverage
1. Allstate Indemnity	1458	1290	1606	1438
2. American Family Insurance	920	826	958	864
3. County Mutual	963	851	1009	897
4. Farmers Insurance Co. of Oregon	520	474	752	637
5. Liberty Mutual Insurance	1154	1039	1208	1093
6. Mutual of Enumclaw	1075	978	1173	1076
7. Nationwide	1277	1139	1332	1194
8. North Pacific	1208	1058	1365	1215
9. Oregon Mutual	not available	1362	not available	1489
10. Standard Fire Insurance	1202	1102	1362	1262
11. State Farm Fire & Casualty	639	567	685	613
12. Unigard Indemnity	1568	1412	1691	1535
13. United Services Automobile Assoc.	992	861	1176	1045
14. USAA Casualty	1091	947	1275	1131

Notes

- All figures are rounded.
- Premiums are for one year, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company Information, Pages 17-19, for additional information about each company's quotes.
- The rate comparisons in this booklet are designed to be used as a guide and don't cover all situations. For specific information about rates, contact individual insurance producers (agents) or companies.

General description: Homeowner (HO-3) policy for a 1997 frame house with gas heat, no fireplace, composite shingle roof. Fire hydrant within 1,000 feet and a responding fire station within five miles. Replacement value: \$200,000 dwelling with no outbuildings. Full replacement value for contents: \$140,000. Medical expenses: \$1,000. Liability: \$100,000.

Insurance company	\$250 deductible	\$500 deductible	\$250 deductible with earthquake coverage	\$500 deductible with earthquake coverage
1. Allstate Indemnity	387	303	535	451
2. American Family Insurance	525	479	621	575
3. County Mutual	453	400	567	514
4. Farmers Insurance Co. of Oregon	439	401	669	563
5. Liberty Mutual Insurance	512	461	658	607
6. Mutual of Enumclaw	551	502	693	644
7. Nationwide	571	510	718	657
8. North Pacific	591	507	757	673
9. Oregon Mutual	548	487	713	652
10. Standard Fire Insurance	535	491	695	651
11. State Farm Fire & Casualty	555	493	681	619
12. Unigard Indemnity	475	428	598	551
13. United Services Automobile Assoc.	610	530	794	714
14. USAA Casualty	671	583	855	767

Notes

- All figures are rounded.
- Premiums are for one year, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company Information, Pages 17-19, for additional information about each company's quotes.
- The rate comparisons in this booklet are designed to be used as a guide and don't cover all situations. For specific information about rates, contact individual insurance producers (agents) or companies.

General description: Homeowner (HO-3) policy for a 1997 frame house with gas heat, no fireplace, composite shingle roof. Fire hydrant within 1,000 feet and a responding fire station within five miles. Replacement value: \$200,000 dwelling with no outbuildings. Full replacement value for contents: \$140,000. Medical expenses: \$1,000. Liability: \$100,000.

Insurance company	\$250 deductible	\$500 deductible	\$250 deductible with earthquake coverage	\$500 deductible with earthquake coverage
1. Allstate Indemnity	350	270	498	418
2. American Family Insurance	457	419	495	457
3. County Mutual	397	352	511	466
4. Farmers Insurance Co. of Oregon	362	332	576	480
5. Liberty Mutual Insurance	488	438	634	584
6. Mutual of Enumclaw	460	419	602	561
7. Nationwide	559	498	706	645
8. North Pacific	507	435	673	601
9. Oregon Mutual	446	396	573	523
10. Standard Fire Insurance	476	437	636	597
11. State Farm Fire & Casualty	514	456	640	582
12. Unigard Indemnity	438	394	561	517
13. United Services Automobile Assoc.	481	417	665	601
14. USAA Casualty	529	459	713	643

Notes

- All figures are rounded.
- Premiums are for one year, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company Information, Pages 17-19, for additional information about each company's quotes.
- The rate comparisons in this booklet are designed to be used as a guide and don't cover all situations. For specific information about rates, contact individual insurance producers (agents) or companies.

General description: Tenant policy. Twenty-five-unit frame construction. Fire hydrant within 500 feet. Full replacement value for contents: \$50,000, \$250 deductible. Medical expenses: \$1,000. Liability: \$100,000.

Insurance company	\$250 deductible	\$500 deductible	\$250 deductible with earthquake coverage	\$500 deductible with earthquake coverage
1. Allstate Indemnity	147	147	169	147
2. American Family Insurance	295	295	352	295
3. County Mutual	176	190	272	183
4. Farmers Insurance Co. of Oregon	119	119	150	141
5. Liberty Mutual Insurance	280	302	341	315
6. Mutual of Enumclaw	316	316	316	316
7. Nationwide	232	241	352	251
8. North Pacific	221	221	221	221
9. Oregon Mutual	342	342	342	342
10. Standard Fire Insurance	308	274	353	316
11. State Farm Fire & Casualty	166	182	258	177
12. Unigard Indemnity	284	284	321	284
13. United Services Automobile Assoc.	237	237	237	237
14. USAA Casualty	276	276	276	276

Notes

- All figures are rounded.
- Premiums are for one year, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company Information, Pages 17-19, for additional information about each company's quotes.
- The rate comparisons in this booklet are designed to be used as a guide and don't cover all situations. For specific information about rates, contact individual insurance producers (agents) or companies.

Company information

The following companies have provided additional information about their rate quotes.

1. Allstate Indemnity Co.

Credit scoring: Allstate Indemnity Co. underwrites each policy into a tier based on its credit-based insurance score. Once a tier is assigned, a homeowner's policy remains in the same tier at each subsequent renewal. Insurance scores, along with other policy information, are being used in the underwriting and premium determination processes.

Earthquakes: We don't cover earthquakes under the regular homeowner's policy but we do offer it as an optional endorsement to the policy.

Other notes: The HO-3 policy form is comparable to our deluxe policy form. Rates for the HO-3 are calculated assuming the policyholders have clean financial stability and have filed no claims in the past five years. An age of home discount (five years) and a claims free discount have been applied to Examples 1 through 4. A 10-percent earthquake deductible was applied to Examples 3 and 4.

2. American Family Insurance Co.

Credit scoring: American Family uses credit scores from Trans Union. If an applicant's credit score is 550 or less, a property survey is required. No rating or underwriting action is taken based on the credit score.

Earthquakes: Earthquake coverage can be provided for most customers. Exceptions include masonry construction built prior to 1960 and buildings on stilts or piers, on hillsides, more than three stories high, or with cracked masonry and loose mortar. A 15 percent base deductible is required.

3. Country Mutual Insurance Co.

Credit scoring: Country Mutual uses credit scores on a limited basis for new business underwriting and rating. Credit scores are not utilized for renewal purposes.

Earthquakes: Earthquake coverage is available, except for brick homes built prior to 1940.

4. Farmers Insurance Co. of Oregon

Credit scoring: We do not use "credit scores" in the underwriting or the policy renewal process. However, we use "credit scores" to determine whether an applicant or policyholder qualifies for

a rating discount, which we refer to as the FPRA discount. The amount of the FPRA discount, if any, for which an insured or applicant qualifies depends on the "credit score" for that particular insured or applicant.

Earthquakes: For an additional premium, basic earthquake protection is available to provide coverage for direct loss caused by an earthquake. This coverage is not available for new business policies with pre-existing earthquake damage.

5. Liberty Mutual Insurance Co.

Credit scoring: Liberty Mutual does not use credit scoring.

Earthquakes: Coverage may not be available for mobile homes, dwellings on or near a major fault, dwellings built on filled land, and dwellings of solid brick, solid masonry, or solid stone construction.

6. Mutual of Enumclaw

Credit scoring: Mutual of Enumclaw uses credit scoring.

Earthquakes: Earthquake coverage is available. The home must be bolted to the foundation and the water heater must be strapped. The home must be no more than two stories and cannot be on a slope of greater than 30 degrees.

7. Nationwide Insurance

Credit scoring: Nationwide does not use credit scoring.

Earthquakes: When earthquake coverage is provided, the rate includes a 10 percent deductible subject to a \$250 minimum.

Other notes: All homeowner quotes include extended replacement coverage to bring our personal property limit up from 55 percent to 70 percent.

8. North Pacific Insurance Co.

Credit scoring: North Pacific does not use credit scoring.

Earthquakes: Dwellings built prior to 1950, built on steep sloping ground, built on stilts, or of unusual design or construction are not eligible for earthquake coverage. Dwellings built on loose or unconsolidated soils are not eligible. Owners of dwellings built between 1950 and 1970 must

Company information

provide photos showing the dwelling is bolted to a continuous concrete foundation. A completed earthquake questionnaire is required for all risks requesting earthquake coverage. Photos showing the dwelling and the slope of the lot also are required.

9. Oregon Mutual Insurance Co.

Credit scoring: We require a minimum score for new-business eligibility. Credit history is used in the underwriting renewal process to qualify insureds who otherwise may not qualify. Credit history is also used to qualify reinstatement of policies that are canceled for nonpayment. A positive score is often the deciding factor when determining whether to allow reinstatement. Credit history is not a factor in pricing or rating decisions. There are no discounts associated with a consumer's credit history.

Earthquakes: Earthquake coverage is available for most frame and masonry residences that are bolted to the foundation. The residence must be built on fairly level land with a slope not exceeding 15 degrees.

Other notes: House examples are quoted in our OMI Preferred Tier with a 10 percent home-age discount applied at the \$250 deductible level. At the \$500 deductible level, a 10 percent home-age discount and a 10 percent deductible credit have been applied. The Pendleton example at the \$500 deductible, Protection Class 9, is quoted in our OMI Standard Tier Program, as coverage is not available for Protection Class 9 in the OMI Preferred Tier. The OMI Standard Tier has a minimum deductible of \$500.

10. The Standard Fire Insurance Co.

Credit scoring: At renewal, if an underwriting condition such as a loss is noted, we would look at a refreshed credit score. A combination of losses and credit score could make the policyholder ineligible for their current underwriting tier. No renewal decision is based on credit score alone.

Earthquakes: The risk is subject to normal underwriting. With the addition of optional earthquake coverage, we use a formula that considers the risk location, dwelling construction, average earthquake loss and premium to evaluate the earthquake risk.

11. State Farm Fire and Casualty Co.

Credit scoring: Credit scores are a component of our underwriting scoring model that we use to determine underwriting eligibility of new business. We do not use credit scores in our policy renewal or rating processes.

Earthquakes: Earthquake coverage is available. The premium charge is a function of occupancy, location, the age of the dwelling, its construction, and whether or not any exterior masonry veneer is covered.

Other notes: For homeowner examples, contents coverage is at \$150,000 (75 percent of dwelling coverage). Premiums apply to new business with no claims in the last three years; a \$250 deductible is not available for new business. Premiums include a discount for a five-year-old dwelling; premiums assume autos are insured by another company. The earthquake deductible is 10 percent of dwelling coverage and 10 percent of contents coverage (\$250 minimum).

For the tenant example, premiums apply to new business with no claims in the last three years; premiums shown are at a \$500 deductible because the \$250 deductible is not available for new business; premiums assume autos are insured by another company.

12. Unigard Indemnity Co.

Credit scoring: For new business, if the insurance score is below minimum and there have been any losses in the last three years, the risk is ineligible for coverage. Unigard uses insurance scores in the rating of all homeowner policies (new and renewal). We order a score on every policy. The insured's score is then translated into one of the 12 grades and a corresponding credit or surcharge factor is multiplied by the total premium generated by all other rating elements to develop the final premium for the policy.

Earthquakes: Earthquake coverage is available only for frame and masonry veneer dwellings. Solid brick, stone, or concrete dwellings are not eligible for earthquake coverage. Dwellings located on slopes greater than 20 degrees are not eligible. Other criteria may also apply; please contact an independent agent representing Unigard for underwriting acceptability.

Company information

13. United Services Automobile Assoc. and 14. USAA Casualty Insurance Co.

Credit scoring: A credit score is only ordered on new business and is considered along with other risk factors to determine tier placement.

Earthquakes: Earthquake coverage is generally available to all Oregon policyholders. However, if the dwelling has suffered previous earthquake damage that has not been satisfactorily repaired, we could decline to provide earthquake coverage. The standard earthquake deductible is 10 percent of the dwelling coverage amount, but 15 percent, 20 percent and 25 percent deductibles are available.

Other notes:

- All homeowners quotes include \$150,000 personal property coverage, which is the minimum limit available when full replacement cost is included.
- The homeowner's earthquake deductible is 10 percent of the \$200,000 dwelling coverage.
- The tenant quotes are for our Independent Renters Form RP-3. Renters rates are not affected by protection class or territory/location.

Insurance publications

The Oregon Insurance Division publishes a variety of free publications for consumers. You may request a free copy by:

Mail: **Publications**
Oregon Insurance Division
P.O. Box 14480
Salem, OR 97309-0405

Telephone: (503) 947-7984 or
(888) 877-4894 (toll-free in Oregon)

E-mail: dcbs.insmail@state.or.us

Publications are also available on our Web site, insurance.oregon.gov; click on publications.

- **Consumer Guide to Auto Insurance**
Compares auto insurance premiums and provides money-saving tips for drivers.
- **Guía Básica de Oregon para seguro de autos**
Explica los requisitos en Oregon para seguro de autos.
- **Consumer Guide to Health Insurance**
Provides an overview of health insurance and your health-care rights.
- **Consumer Guide to Homeowner and Tenant Insurance**
Compares premiums and provides money-saving tips for homeowners and renters.
- **Consumer Guide to Oregon Insurance Complaints**
Ranks insurers from best to worst, based on the number of consumer complaints to the Insurance Division.
- **Oregon Insurance Division - Protecting the Insurance-buying Public**
An overview of services provided by the Insurance Division and where to call for answers to common insurance questions.
- **La División de Aseguradoras - Protegiendo al Público en la Compra de Seguros**
Una síntesis de servicios provistos por la División de Seguros y a donde llamar para obtener respuestas acerca de comunes preguntas de seguros.
- **Oregon Long-Term-Care Insurance**
Describes long-term-care insurance and lists providers doing business in Oregon.

Inventory

A written inventory that includes photographs or video of possessions is helpful in the event of a loss. The inventory should include original receipts for purchases as proof of losses when filing a claim. Make a photocopy of the inventory and keep the original in a safe place outside your home.

Items of special value

Some items are covered under homeowner policies on a limited basis. Find out which items are limited on your insurance policy. Itemize these types of possessions and their value. Check whether they are covered under your policy limits or need to be scheduled separately.

<i>Items usually limited</i>	<i>Value</i>	<i>Policy limit</i>
Jewelry, furs		
Fine art		
Antiques, heirlooms		
Silverware		
China/crystal		
Hobby items, tools, special collections		
Firearms, sporting equipment		

Other household items

<i>Living room</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Table			
Sofas			
Chairs			
Tables, stands			
Lamps			
Bookcase, shelves			
Draperies, rugs			
Television			
Stereo, VCR, etc.			
Decorations			
Woodstove, etc.			

Inventory

<i>Dining room</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Table			
Chairs			
Lamps			
China hutch, etc.			
Sideboard			
Stands			
Rugs			
Draperies			
Linens			
Decorations			

<i>Library/Den/Study</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Desk			
Chairs			
Tables			
Rugs			
Draperies			
Cabinets			
Computers			
Office equipment			
Valuable books			
Decorations			

Inventory

<i>Bedrooms</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Beds			
Dressers			
Tables			
Chairs			
Lamps			
Rugs			
Draperies			
Decorations			
Bedding			
Clothes			
Accessories			
Baby furniture			

<i>Hallways</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Rugs			
Stands			
Storage closets			
Decorations			
Lighting fixtures			

Inventory

<i>Kitchen/Pantry</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Tables			
Chairs			
Stands			
Draperies			
Lighting fixtures			
Appliances:			
Oven/stove			
Microwave			
Food processor			
Dishwasher			
Washer/dryer			
Vacuum cleaner			
Refrigerator			
Freezer			
Cupboards/cabinets			
Dishware			
Kitchen tools, utensils			
Pots and pans			
Glassware, silverware			
Linens			
Miscellaneous stored items			

<i>Miscellaneous</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Sewing machine			

Inventory

<i>Bathrooms</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Fixtures			
Shower			
Tub			
Sink			
Commode			
Lighting			
Curtains			
Rugs			
Linens			
Appliances			
Accessories			
Baby furniture			

<i>Shed/Garage</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Furnace			
Water heater			
Water pump			
Tools			
Sporting equipment			
Building supplies			
Storm windows			
Screens			
Christmas items			
Miscellaneous stored items			

Inventory

<i>Porch/Patio/Deck</i>	<i>Year purchased</i>	<i>Cost</i>	<i>Receipt attached?</i>
Outdoor furniture			
Lighting			
Barbecue			
Miscellaneous stored items			



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