



# Homeowners Insurance

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## Basic Information

Imagine owning a single-family home where a hurricane hits with high winds and heavy rain, causing significant damage to your property - the roof is partially torn off, letting water leak in; several windows are shattered, leading to further water intrusion; the backyard fence is destroyed by flying debris; and personal belongings, like furniture and electronics, are ruined by water damage.

In that moment, you realize it's time to contact the insurance company to report a claim. Then you start thinking, "How much of the damage will my insurance policy cover?"

Homeowners insurance is designed to safeguard your home and belongings from unforeseen disasters.

- Protect your home and personal property.
- Protect yourself against liability from any accidents that may happen on your property that injure someone or damage another person's property.



## Protecting your Home

Your home is considered the structure or dwelling. Under your policy, check to see that damage or destruction to your house, garage, or any other structure on your property is wholly or partly

covered. Remember, if you add additional structures to your property, be sure to inform your insurance company.

Your insurance policy should cover temporary living expenses should your home be damaged or destroyed and you are displaced during repairs or the rebuild.



## Personal Property Protection

Typically, a homeowner's policy extends to your possessions. This includes furniture, appliances, electronics, clothes, jewelry, sports equipment, lawn tools, and even larger items, such as a car or boat, stored in the garage. These items are not just covered when they are at your home. If you are vacationing and your luggage is lost, with possible limitations, your homeowners' insurance will cover the loss.

Check to see what your policy covers, as personal property has limits on the amount it covers. Some homeowners will purchase additional insurance to cover what is not.

## Liability

Typically, a homeowner's insurance policy will cover injuries or loss to people who are on your property.

This portion of your policy will cover the injured party's medical bills and any other losses incurred.

Review your policy to see exactly what is covered. It might even include injuries that occur off your property.

## What's Not Covered

Your policy may have items that are typically not covered by a standard homeowners' policy. Always read over your policy to see what additional coverage you may need.

Items not typically covered:

- Flood damage
- Earthquake and land movement damage
- Normal wear and tear
- Rodent or insect damage
- Maintenance issues
- Mechanical breakdown
- Dead or fallen trees on your property
- Expensive jewelry or artwork

## Need a Homeowners Insurance Policy?

Determine the best type of insurance policy and the amount of coverage needed to protect your home and personal property. Create a written inventory of your home and belongings. For each item, include a detailed description (such as model and serial numbers, if applicable), the date of purchase, the original cost, and any alterations or repairs that may have increased its value. Keep receipts, and take clear photos or videos of your possessions as additional documentation. Store your inventory and supporting materials in a secure location, safe from potential damage or loss, and keep your inventory up to date. Use the link provided to gain a better understanding of how to create a home inventory list:

[How to Create a Home Inventory List for Insurance Claims](#)

Once you know what needs to be covered, meet with insurance agents to determine which company will provide you with the insurance policy that will fit your needs.

Prepare a list of questions to ask every insurance agent you meet. Doing so will help you make an

informed, unbiased decision when choosing your insurance.

## Ways to Save

Are you looking for ways to save? Once you decide the type of coverage you need for your home, look for ways to reduce your cost.

- Know your ZIP code and potential weather-related risks that will affect your insurance.
- Shop around and compare insurance companies
- Raise your deductible
- Only insure the house and possessions based on replacement cost, not land or market value.
- Check for offered discounts by bundling home, auto, life, and other insurance with the same company.
- Check if you qualify for a discount through senior, military, organizational, or other eligible group memberships.
- Upgrade existing home plumbing or electrical systems
- Smoke-free home discount
- Insurance score – a better credit history report should lead to a better insurance score
- Fire hydrant or staffed fire house within proximity of your home
- Check to see if installing home security devices will qualify you for a discount

## Important Reminders

- Review your policy annually. Check the value of your home on your policy and contact your insurance company to make sure the full value of the house is covered.
- Understand your coverage. Review your policy to determine if it provides sufficient coverage to rebuild based on current replacement costs, rather than market value.
- Keep accurate records of your home and personal belongings stored in a safe place.
- Know your address. If you live in an area prone to weather-related disasters, such as floods or earthquakes, you should consider purchasing separate policies to cover these risks.

# Glossary of Terms

**Claim Filing** - the process of submitting a request for payment or compensation, usually the first step in notifying the insurance company about the incident or loss.

**Credit History** - a record of how debt has been managed and repaid over time.

**Deductible** - a specified amount of money that the insured must pay before an insurance company will pay a claim (a higher deductible usually means a lower premium).

**FAIR Plans** - (Fair Access to Insurance Requirements), a program designed to provide coverage for homeowners who are unable to obtain insurance through private insurers.

**Insurance Score** - a numerical rating used to assess the likelihood of an individual filing an insurance claim and the potential cost of the claim. This score is usually calculated using information from credit history.

**Liability** - protects you, and other members of your household, from financial losses if someone is injured on your property or if you accidentally cause injury or property damage to someone else, even if it happens away from your home.

**Market Value** - the price that buyers are willing to pay for an asset.

**Premium** - the amount paid for an insurance policy.

**Replacement Costs** - the amount of money needed to replace a damaged or lost item or asset with a new one of similar kind and quality at current prices.

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