

11.5.1.4: Property Insurance

Learn about the different types of insurance for your property.

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Auto Insurance

Auto insurance protects you from paying the full cost for vehicle repairs and medical expenses due to a collision. A number of things affect the premiums you pay for this protection, including your:

- Gender
- Age
- Marital status
- Credit history
- Car's make and model
- City and neighborhood

Types of Auto Insurance

Every state requires drivers to carry minimum levels of auto insurance coverage, or the equivalent in financial responsibility waivers. These requirements ensure that you can pay for property damages or medical expenses. There are several components that can make up your insurance policy:

- **Liability coverage** protects you if you are at fault for a collision. It pays for medical expenses and vehicle damage for the other driver and passengers.
- **Uninsured motorist coverage** pays for damages to your car and medical expenses if an uninsured driver hits your car.
- **Collision coverage** pays to repair your vehicle, if you were at fault for the collision.
- **Underinsured motorist coverage** pays damages for your car if someone hits it, but doesn't have enough insurance to cover your medical expenses and car damages.
- **Comprehensive coverage** pays for damages to your car due to theft, fire, or falling objects.

Auto insurance requirements vary from state to state, but liability coverage is mandatory in most states. You may choose to opt out of certain types of coverage, depending on your budget and car's age. Check with your [state insurance regulator](#) to learn more about its requirements and to research potential insurers.

Be sure to read the declarations page of your auto insurance policy. This summary includes your policy's important details: the duration of coverage, annual premium, the maximum amount your insurance company will pay out for each type of claim, and how your premium payment is split between each part of your coverage.

Homeowners and Renters Insurance

Homeowners and renters insurance protect your home and personal property against damage or loss, and insures you in case someone gets hurt while on your property. You may already have insurance on your home if you have a mortgage on the property, because most lenders make insurance a condition of the loan.

Renters insurance, or tenant insurance, offers renters coverage similar to homeowners insurance. If you are a renter, do not assume your landlord carries insurance on your personal belongings; you may wish to purchase a separate policy.

What Can Homeowners or Renters Insurance Cover?

Homeowners or renters insurance may pay claims for:

- damage to your home, garage, and other outbuildings
- loss of furniture and other personal property due to damage or theft, both at home and away
- additional living expenses if you rent temporary quarters while your house is being repaired

Homeowners or renters insurance may also:

- include liability for bodily injury and property damage that you cause to others through negligence
- include liability for accidents happening in and around your home, as well as away from home, for which you are responsible
- pay for injuries occurring in and around your home to anyone other than you or your family
- provide limited coverage for money, gold, jewelry, and stamp and coin collections
- cover personal property in storage

In addition to general shopping for insurance tips, keep these points in mind when shopping for homeowners insurance:

- Insure your house, not the land under it. If you don't subtract the value of the land when deciding how much homeowner's insurance to buy, you will pay more than you should.
- Purchase enough coverage to replace what is insured. "Replacement Cost Coverage" gives you the money to rebuild your home and replace its contents. An "Actual Cash Value" policy is cheaper but pays the difference between your property's worth at the time of loss minus the depreciation for age and wear.
- Ask about special coverage you might need. You may have to pay extra for computers, cameras, jewelry, art, antiques, musical instruments, stamp collections, etc.
- Flood and earthquake damage are not covered by a standard homeowners policy. The cost of a separate earthquake policy will depend on the likelihood of earthquakes in your area. Homeowners who live in areas prone to flooding should take advantage of the National Flood Insurance Program (NFIP).
- If you are a renter, do not assume your landlord carries insurance on your personal belongings. Purchase a separate policy for renters.

For help in deciding how much insurance coverage to buy, contact your [state insurance regulator](#).

Flood Insurance

Since standard homeowners insurance doesn't cover flooding, it's important to have protection against flood damage. If you live in an area prone to flooding, you should take advantage of the National Flood Insurance Program.

National Flood Insurance Program (NFIP)

Administered by the Federal Emergency Management Agency (FEMA), the NFIP offers flood insurance to homeowners, renters, and business owners if their community participates in the program. The program works closely with more than 80 private insurance companies.

- Homes and businesses with mortgages from federally regulated or insured lenders in high-risk flood areas are required to have flood insurance. While flood insurance is not federally required if you live in a moderate-to-low risk flood area, it is still available and strongly recommended.
 - To find out if your home or business is in a community that participates in the NFIP, refer to the [Community Status Book](#) section on FEMA.gov.
- Flood insurance protects two types of insurable property: building and contents. The first covers your building; the latter covers your possessions; and neither covers the land they occupy. Flood insurance only covers damage that is a direct result of flooding.
- Rates are set nationally and do not differ from company to company or agent to agent. These rates depend on many factors, such as the 1) date and 2) type of construction of your home, and 3) your building's level of risk.
- Flood insurance can only be purchased through an insurance agent; you cannot purchase it directly from the federal government. Typically, there's a 30-day waiting period from the date of purchase before your policy goes into effect.
 - If your local insurance agent is unfamiliar with the NFIP, you can find an agent serving your area.

File a Complaint

If you have a problem with an insurance company or agent regarding flood insurance, contact your [state insurance regulator](#).

More Information

Complete the One-Step Flood Risk Profile to rate your risk of flooding, estimate your premiums, and find an agent.

Pet Insurance

Health insurance for pets may help you pay veterinary bills if your pet is injured, gets sick, or needs routine preventive care. Most plans cover dogs and cats, and some plans cover other types of animals.

What to Consider Before Buying Pet Health Insurance

- Shop and compare: Ask your vet to recommend some pet insurers. Be aware that policies and premiums vary widely. Compare monthly or annual costs, and the differences in deductibles, co-pays, and coverage limits. These may limit payouts by incident, annually, or your animal's lifetime.
- Read policies carefully: Read the clauses on deductibles, co-pays, coverage limits, and exclusions before you buy a pet insurance policy. Insurance policies normally exclude pre-existing problems and hereditary conditions.
- Do the math: Add up the total costs of the policy for the anticipated life expectancy of your pet. Be aware that the age of your pet affects the premium. The older your pet is, the higher the premium you'll pay.

Questions to Ask Insurers

As you consider possible insurance providers, it's helpful to have standard questions you ask to each company, that make it easy to compare between policies. Some important questions to ask include:

- Can I choose my vet?
- Is there a waiting period?
- Do you cover routine wellness exams?
- Do you cover neutering or spaying?
- Does the plan include prescription drug coverage?
- Do you cover claims annually or by incident?
- If the coverage is by incident, is there a time limit?
- Is there a dollar limit for vet office fees?
- If my pet has a pre-existing or hereditary condition, will this plan cover it?
- Does this plan cover chronic or recurring conditions?
- How long do you take to pay claims?
- Does the plan cover the costs of vaccinations and required shots?
- Do you give discounts for insuring multiple pets?
- Does this plan cover advertising costs and rewards if my pet is lost or stolen?
- Does this plan make payouts if my pet dies during treatment?

For more information about pet insurance and to research regulations in your state, contact your [state insurance regulator](#).

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