



Mobile Home Insurance

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Mobile home insurance, like other types of insurance, provides relief from the financial consequences of unforeseen happenings. You share the risk of "dollar loss" with other policy holders who purchase their insurance from the same company.

This bulletin may help you learn more about the coverage offered by various companies, examine the amount of protection a policy provides, and compare premium rates. It may be used as you talk with an insurance agent or as you study your own policy, item by item. Notice that there is space provided to write in your own figures and to make notes.

Buying Insurance

If you are planning to buy mobile home insurance, learn who is handling most of the mobile home insurance in your area. This information is available from lending institutions such as a bank or savings and loan association or the mobile home dealers in your town. You will find that policies and costs will vary greatly from company to company. As with any consumer purchase, it will be to your advantage to check with at least *two* insurance companies to compare the protection offered for the cost involved.

Whether the mobile home is new or used will make a difference in the policies available to you. Some companies offer only insurance for new mobile homes; others limit the time span that will be covered for a home that is more than two years old. When you talk with an insurance agent, be sure to tell him in the beginning of your conversation whether your home is a new model or is several years old.

How a company handles its claims is as important as the cost of the policy. Who will help you fill out forms and follow through on your behalf? Does the company have its own claim adjusters or does it buy these services from another company? Some families have found they had to wait a long period of time for a claim to be handled when a natural disaster struck and the company did not have facilities to immediately send an adjuster to the scene of the disaster.

Mobile home insurance premiums can be paid monthly, quarterly, or yearly. Ask if you will be paying additional money if the premiums are paid monthly or quarterly. Consider whether this extra cost is something that you want to pay, or could you just as easily make the lower-cost yearly payment. Sometimes when mobile homes are financed, the insurance premium is included along with the financing of the purchase price. Look at this *carefully* to see if the insurance costs are higher than they would be if the insurance were bought separately.

For how long a time period are you buying the insurance? Often, mobile home insurance is written for three years with the premium paid annually. However, some mobile home insurance is being sold in the Pacific Northwest for as long a time period as seven to twelve years; frequently this is carried along with the monthly loan repayment for financing the home. The disadvantage of the longer time span is that you may end up paying a larger premium than if you had reviewed your insurance every three years and adjusted your policy to your individual situation.

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Insurance Rates

In Oregon, the Insurance Commissioner's Office shows mobile home insurance yearly rates for similar Broad Form coverage on a \$10,000 new mobile home ranging from \$55 to \$130; the average being \$65 to \$75. In Washington and Idaho the range is equally wide. Because there is such price variation, you will want to do some comparison shopping.

Most mobile home insurance is sold with a deductible on the property damage coverage which means that you pay for any losses up to a certain amount, then the insurance company pays for damage over this figure. The typical deductible amounts are \$25, \$50, or \$100. The higher the deductible, the lower the premium. Through some companies, \$250 or \$500 deductible is available if you prefer to lower your premium cost and pay for these losses yourself.

The rates you pay also will be based on the amount of protection you buy and the place where you park your mobile home. For example, you can buy protection only against *major* natural disaster or "acts of God" such as fire. Or, you can buy coverage against almost *all* "acts of God" and almost *all* "acts of man" such as theft. The more risks that are covered, the higher the premium. The next section which deals with specific coverage will help you determine the risks you want covered.

Whether the home is placed on the owner's private property, in an "approved" mobile home park, or in an "unapproved" park may influence the rates charged for your insurance. Generally, the highest rates are charged for a home placed on private property, the lowest for an "approved" park which meets the requirements of the Woodal Star Rating System. This difference of approximately \$10-15 yearly is based on the fire and theft detection offered by a mobile home park as against the more isolated private property.

Types of Insurance

Mobile Home Insurance can be bought in one of three ways:

- *Named Peril Coverage* (commonly called "fire policy")
- *Broad Form Coverage* (commonly called "mobile owners")
- *Comprehensive Coverage* (commonly called "all risk mobile owners")

Named Peril Coverage

You specify the hazards you want covered and pay the premium only for these specific hazards. For example, you may want only fire and extended coverage which protects against the major "acts of God"—fire, lightning, windstorm, hail, explosions, falling objects. The premium for this "fire only" protection for a \$10,000 mobile home would be approximately \$20-25 for *three* years. While the premium cost is low, you have no protection against theft or other "acts of man," nor do you have any liability coverage. If you desire this protection, it must be added as additional "named perils" with the cost of each peril added to the premium previously quoted.

Named Peril Insurance offers the advantage of giving "tailor-made" insurance at a low premium rate. Its disadvantage is that it is *so specific* that you may have a high cost loss from a peril which is *not* covered and for which you would have no financial help. The insurance company will not pay for any damage not specifically spelled out in the policy.

Broad Form Coverage

This type of insurance puts the most common hazards together in a *package* and for this reason is called "mobile owners policy." It covers personal property (including furnishings) as well as your home and adjacent buildings. Liability coverage also is included. Like the Named Peril Coverage above, the perils insured against are listed in the policy and coverage is limited to *only* those items. Because most perils are named in the policy and the policy is put together as a package, the premiums are higher than purchasing limited Named Peril Coverage, yet lower than the Comprehensive Coverage which is described below.

Comprehensive Coverage

This insurance is more accurately called "all-risk EXCEPT" insurance. The coverage lists *exclusions* rather than naming specific perils and includes almost all damage resulting from direct, sudden, or accidental loss. It covers "acts of God," "acts of Man," and liability. Because it offers the broadest protection, it carries the highest premiums.

Protection Provided By The Policy

As a mobile home owner, you will want to look carefully at two basic types of protection: *Property Damage Coverage* which will pay you for certain kinds of losses to your property and belongings, and *Liability Coverage* which covers lawsuits when anyone is injured while on your property and pays damages if you are found guilty of negligence.

In addition, you may wish to have *other types of coverage* included in your policy, for example, Additional Living Expenses, Emergency Service, and Collision Coverage.

Property Damage Coverage

Your policy

This coverage pays to repair or replace the damage to your home or personal property. As mentioned earlier, it is usually sold with a specified deductible amount for which you are financially responsible.

When you have a loss, the insurance company typically pays you for the loss based on the "actual cash value" (ACV) of the property at the time of the loss. ACV is arrived at by figuring replacement cost *less depreciation*.

Policy claims paid by:

For a small additional premium, you can buy property damage coverage with a "replacement cost endorsement." With this endorsement, you would be paid the full amount necessary to replace the damaged item with one of similar quality. Depreciation would not be a factor.

..... ACV
OR
.....
Replacement cost

What is the difference between these two methods of settling your claim? Take this example: The metal or fiberglass awnings on your four-year-old home blow off during a windstorm. They are damaged beyond repair. In settling your claim, the insurance company would pay you for like kind or quality installed if you had a "replacement cost endorsement." If you did not have this endorsement and your policy paid on the basis of "actual cash value," you would be paid the replacement cost *less the depreciation for the four years*.

Policy has arbitration clause:
.....

Some, but not all, policies include an "arbitration clause" which says that if you and the company fail to agree as to the amount of the loss, you can settle the disagreement without legal procedure through the following method. You write a letter to the company stating you want the disagreement settled through arbitration. Then you select an appraiser of your choice and the insurance company selects an appraiser of its choice. Each appraiser is paid by the party selecting him. These two appraisers then select a competent and disinterested umpire. Payment to the umpire is shared equally by the homeowner and the insurance company. Appraisals are made individually and submitted to the umpire. Agreement between any two of the three arbitrators determines the amount you would be paid for the claim.

The following are perils that can be protected against with Property Damage Coverage—the mobile home itself, your furnishings, and your personal belongings. Use the list to compare policies or to review what is included in a policy you now own. Note whether the protection extends to awn-

ings and other structures attached to your home. Does it extend to adjacent buildings such as storage buildings? Write down the upper limit the policy will pay and any special facts or exceptions about the coverage for both mobile home and personal property.

Dollar Limitation	Special Notes
Up to \$..... Fire and lightning
Up to \$..... Windstorm or hail
Up to \$..... Falling objects
Up to \$..... Weight of snow/ice/sleet
Up to \$..... Explosion
Up to \$..... Flood
Up to \$..... Landslide/earthquake
Up to \$..... Cave-in/collapse
Up to \$..... Faulty jacks or blocks
Up to \$..... Off-the-road collision
Up to \$..... Damage from electrical system
Up to \$..... Aircraft
Up to \$..... Smoke damage
Up to \$..... Damage caused by freezing
Up to \$..... Damage from plumbing system
Up to \$..... Theft of mobile home
Up to \$..... Riot/civil commotion
Up to \$..... Vandalism/malicious mischief
Up to \$..... Mirror and glass damage
Up to \$..... Chemical damage: ink, paint, etc.
Up to \$..... Invasion by pets, wild animals
Up to \$..... Theft of personal property, including furnishings
Up to \$..... On-premises damage to personal property, including furnishings
Up to \$..... Personal property away from the premises
Up to \$..... (Other)

Liability coverage

Up to \$.....

Liability Coverage gives you financial protection against accidents that happen to someone else but for which you are responsible. For example, a neighbor stumbles on a ball left by your children on your

steps. He could go into court and sue not only for medical bills but for loss of income plus damages for pain and discomfort. If the court found you negligent, you would have to pay attorney fees, court costs, and the judgment awarded against you. Liability insurance covers these costs up to a dollar amount specified in your policy.

Liability insurance may be purchased as a separate policy to go along with Named Peril Property Damage Coverage. Or, it may be included as part of the package of a broad Form or Comprehensive Policy. For a separate policy providing financial protection up to \$25,000, the premium would be approximately \$15-25 a year. In a package policy, the rate would not be listed separately but would be included in the overall premium. Some policies provide protection up to \$25,000; some up to \$50,000. Also, if you desire, liability coverage can be increased above \$50,000 for a very small additional premium; ask your insurance agent about exact costs.

Other types of coverage

The following may be either purchased separately, added to an existing policy through an "endorsement," or be a part of a package policy such as the Broad Form Coverage or the Comprehensive "all-risks" plan.

On the finance contract, I signed
for Credit life
..... Credit disability income

Credit Life or Credit Disability Income Insurance. This coverage applies to mobile homes purchased with monthly payments. Typically, it is sold as part of the finance contract and you are asked to "sign here" if you want the insurance. By law, you cannot be required to buy and the choice is yours to say "yes" or "no."

If you have already signed a finance contract for your mobile home, look and see if you have signed for credit life and/or credit disability insurance. Many families have bought this type of insurance when they signed their loan papers and were not aware of what they had purchased nor of the premium they were paying. You will not receive an insurance *policy* as such from the company but will receive a *certificate* showing that you are covered under a master policy on file with the insurance company.

Credit Life Insurance pays off the loan in event of the death of the person who signs the finance contract. Unlike other types of term life insurance, the money cannot be used for anything other than loan repayment. It will pay only the outstanding balance of the loan to the lender involved. Be alert to two problems associated with this type of insurance: (1) if you pay off the finance contract ahead of schedule, be sure to request a return of the unused portion of the credit life insurance premium. (2) Be sure that you include the credit life insurance certificate with other valuable insurance papers so that heirs are aware that you have provided this protection and they can file a claim.

Credit Disability Income Insurance pays the unpaid balance of the loan to the lender in the event that the person signing the loan papers becomes permanently and totally disabled so that all wages are lost. Requirements for proving disability are very strict and the policy does not pay until certain specific time periods have elapsed. Also note that the policy usually concerns lost *salary and wages only*; thus a retired person with a pension and social security income would not have a claim under this type of insurance.

I am paying for VSI

Vendor's Single Interest Coverage. Applies to a mobile home financed with monthly payments and is required by a few lenders. It is insurance that protects the lender only, although you buy it and pay

the premium on it. You may find this coverage included in Broad Form or Comprehensive Policies, and, if it is not required of you, you can have it deleted and reduce the premium. The purpose of this coverage is to pay the lender for any costs connected with repossession.

My policy says up to \$.....
per person

\$..... per accident

Personal Medical Payments. Frequently carried with Liability Coverage. Takes care of medical or funeral expenses without regard to legal liability if the accident happened on your premises or in connection with your activities. It usually has a limit per person and also can have a limit per accident. For example, if a neighbor falls on your steps, your insurance would pay reasonable doctor bills up to a certain limit. This way, the neighbor gets the medical attention he needs without taking you to court and whether or not you were guilty of negligence. Note that this coverage does not provide medical payments for you or your family, only for others who visit your home.

My policy pays up to \$

Physical Damage To The Property Of Others. Frequently carried with Liability Coverage. Pays for loss or damage you or any member of your family do to the property of others. It usually is payable whether or not you are legally held liable. A limit is set as to the amount your insurance will pay. For example, you are mowing your lawn and your mower throws a stone through a neighbor's window. Your insurance would pay for replacement of the window. Check to see if your policy excludes any of the following: loss resulting from your operation of an automobile, boat, or other movable equipment, and if there are any special provisions regarding the acts of small children.

My policy pays up to \$.....
for days

Additional Living Expenses Coverage. Pays for the cost of living at a motel or hotel when you can't live in your mobile home because of an insured loss such as from fire or windstorm. Note that it will pay only the excess over what it normally costs you to live. Thus, settlement would be for only that amount over and above your regular food and shelter costs. Also, this coverage usually has a limitation as to the amount it will pay and the length of time the coverage extends.

My policy pays up to \$.....

Emergency Removal Service Coverage. With mobile homes, this coverage pays for the cost of moving a home to safety and back again if there is a threat of loss from an insured peril such as fire. Generally has a dollar limitation.

My policy pays up to \$.....

Debris Removal Coverage. Pays for the expenses of hauling away such things as tree stumps and discarded timber from your property as a result of an insured loss such as windstorm or fire. Generally has a dollar limitation.

My policy pays up to \$.....

Fire Department Service Coverage. Pays up to a specified dollar amount if there is a fire department charge such as in a rural area.

My policy pays up to \$.....

Landscape Damage Coverage. For persons who own the property around their mobile home, this coverage extends to the trees, shrubs, lawns, and other plants that could be damaged in a fire, by lightning, explosion, forced landing of an aircraft, etc. Usually, it has a limit on the amount paid.

I have 30-day trip

OR

..... Yearly Coverage with
..... deductible

On-The-Road Collision Coverage. Applies when the mobile home is being towed on the road. Can be purchased as a 30-day trip insurance or on a year-round basis, depending on the needs of the mobile home owner. Generally bought with a \$50 or \$100 deductible. When a mobile home is initially purchased, the seller of the mobile home usually provides this insurance coverage as a part of the "set-up" and transportation fees.

I have increased the protection for the following items:

Additional Coverage For Certain Personal Property. Most insurance policies list a dollar limit of the amount they cover for jewelry and furs, silverware, money, securities, and art and coin collections. For a small premium, you can add protection by an "endorsement" to the regular policy which will raise the amount of protection for these specific items. Ask your insurance agent about the details. If you have expensive hobby equipment, such as a gun collection or camera and darkroom equipment, you may want to consider buying extra protection through an "endorsement" for theft and damage of these items. Discuss your needs and the cost with agent.

Items Covered:

Special Needs Coverage. There are other types of coverage that may be added to a policy by "endorsement" for an additional premium. These are tailored to meet the needs of particular individuals such as the family that wants to use part of the mobile home for business purposes, or the family that owns a boat, camper trailer, or snowmobile and wants to include this insurance with the mobile home insurance. Or, the family that has acreage connected with the mobile home lot and wants to have "animal collision coverage" for horses or farm liability coverage on a five-acre property.

See Your Insurance Agent

- If the value of your home or your possessions changes due to inflation, additional purchases, or remodeling, or when you feel particular items are not adequately covered under the general policy.
- When you have a claim or want to know if an item is covered under your policy. Always ask if you are not sure; don't automatically assume that you are not covered.
- Whenever you plan a trip that will leave the mobile home vacant and unoccupied for over a month's time. If you do not notify the company,

your policy may not protect you for certain types of property damage such as freeze damage.

- If you plan to rent the home to others temporarily; it should be noted on the policy. Your policy is written for the "owner-occupant" and you may lose some of your protection if you rent and do not notify your insurance agent.

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