

HOMEOWNERS INSURANCE POLICIES: HO-3 VS. HO-5

Confused about the difference between HO-3 and HO-5 homeowners insurance policies? Read on to discover what policy works best for you and your family. CONTACT US TODAY: Tel: (317) 713-2959

Comparing the Two Policies

Coverage: While the two policy types offer identical coverage for dwellings, the HO-5 policy is clearly superior in terms of personal property coverage.

Price: In most cases, the HO-3 policy is cheaper as the coverage is not quite as comprehensive as the HO-5.

Claims process: A big difference between the two policies is how the claims process is handled. In an open claims process, the burden is on the insurance company to prove that damage sustained was caused by something on the exclusion list. In an HO-3 policy, the burden is on the homeowner to prove that the damage was caused by a named peril.

What Protection Does an HO-3 Policy Offer?

An HO-3 homeowners policy is by far the most common homeowners policy found in the United States. The HO-3 is a hybrid “open perils” and “named perils” policy—that is, your home is covered on an open perils basis and your contents are covered on a named perils basis. There are generally 16 named perils for a HO-3 policy:

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| 1. Theft | 8. Volcanic Eruption | 14. Sudden and accidental tearing apart, burning or bulging |
| 2. Fire or Lightning | 9. Windstorm or Hail | 15. Sudden and accidental damage from an artificially generated electric current |
| 3. Smoke | 10. Riots | 16. Accidental discharge or overflow of water from plumbing or air conditioning |
| 4. Smoke | 11. Damage Caused by Aircraft | |
| 5. Freezing | 12. Vandalism | |
| 6. Vehicles | 13. Damage due to weight of ice, snow or sleet | |
| 7. Falling Vehicles | | |

What Protection Does an HO-5 Policy Offer?

An HO-5 policy is a complete open perils policy—both your dwelling and personal property are covered on an open perils basis. The same exclusions apply for the dwelling in an HO-3 policy and also include the following:

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| 1. Earth movement | 9. Government action | 16. Smog, rust and corrosion |
| 2. Ordinance or law | 10. Collapse | 17. Smoke from agricultural smudging |
| 3. Water damage | 11. Theft to a dwelling under construction | 18. Discharge of pollutants |
| 4. Power failure | 12. Vandalism | 19. Settling, shrinking, expanding |
| 5. Neglect | 13. Mold, fungus or wet rot | 20. Birds, vermin, rodents |
| 6. War | 14. Wear and tear | 21. Animals owned by insured |
| 7. Nuclear hazard | 15. Mechanical breakdown | |
| 8. Intentional loss | | |

Open vs Named Perils

An **open perils** policy offers you coverage against just about any type of damage you can think of, except for certain exclusions. The policy does not list what perils your home and/or personal property is covered from—rather, it only lists what perils are excluded. If damage to the home is not caused by something listed on the exclusion list, you are covered.

A **named perils** policy specifically lists the perils for which your home and/or personal property is covered, instead of a list of exclusions. If your home or personal property is damaged by something not on the named perils list, you are not covered.

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