

Insurance 101: Property – Basic, Broad, and Special Forms

When looking at your homeowners, renters, condo, or other property insurance policy it is important to understand that there are three different types of coverage available: **basic, broad, or special**. Your policy will be written as one of the three and there are significant differences between all three. In most cases, you will find your property insurance policy is written with special coverage, but there are instances where it may not be.

When a property insurance policy is written on a **basic** form, you only receive coverage for your items if they are damaged by a covered cause of loss listed on your insurance policy. There are 11 causes of loss, as follows: fire; lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, or volcanic action. If the damage to your home or is caused by something other than those 11 things, there will be no insurance coverage. In addition, it's important to check your policy for the definition of those 11 causes of loss because the insurance company can limit or exclude how the insurance applies. For example, if your home is damaged because you didn't maintain your sprinkler system properly there would be no coverage; however, if a fire causes the sprinkler system to be damaged or go off, the policy would pay to repair the damage caused by the sprinkler.

When property insurance is written on a **broad** form, you receive coverage for the 11 causes of loss mentioned in the description of the basic form, with the addition of three new causes of loss: falling objects, weight of ice, sleet or snow, and accidental water damage. You will not find many exclusions on this form except for those designed to further define how the 14 causes of loss are applied.

Note that with both the basic and broad forms the insurance company has the duty to specifically *include* coverage. If it's not included on the list, it's not covered.

The most common property insurance form is the **special** form, formerly referred to as "all risk." When a property policy is written on a special form, the insurance company has a duty to specifically exclude coverage. Simply put, if the insurance company does not exclude coverage in writing, the damage to your property will be paid for. There are tons of common exclusions, for example: government action, nuclear hazard, war and military action, water damage (ie. flood), fungus, and pollution. At the end of the day, however, the special form gives you much more comprehensive insurance protection than the basic or broad forms.

The **special** form is the most commonly found form in the insurance market today. Whether you're looking for homeowners, renters, or condo insurance, you are most likely going to be given a policy written on a **special** form. If you aren't sure, you should ask the agent or insurance company representative giving you the quote to confirm what type of coverage they are quoting. If he or she is not writing your coverage on the special form, be sure to ask *why*. Unless there is a good reason for them to write otherwise, you should be offered the best coverage available!