

# A Consumer's Guide to Homeowner's Insurance in the State of Hawaii

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## GENERAL INFORMATION

Homeowner's insurance is not required by law in Hawaii. If your home is mortgaged, however, your lender may require insurance on your home for the duration of your loan. Homeowner's insurance provides protection for your dwelling, personal property, and on-site buildings if damaged or destroyed by a covered peril. Perils are events (i.e. fire and explosion) which cause damage to property. In addition to property coverage for your home and outbuildings, each policy usually contains four additional coverages: personal property, additional living expenses, personal liability, and medical payments.

This guide provides a general overview of homeowner's insurance in Hawaii and is not intended to replace carefully reading your policy documents. Keep in mind insurers may have varying definitions of policy language and charge different rates for the same coverage. We encourage you to review your policy with your insurance agent to ensure your current provisions best suit your coverage needs.

## TYPES OF HOMEOWNER'S INSURANCE POLICY FORMS

While coverage descriptions may vary, most insurers use one or more of the following policy forms. Comprehensive Form (HO-5), not listed, provides the broadest coverage but is uncommon.

| HOME OWNER'S POLICY FORMS   |  |   | RENTER'S POLICY FORM  | UNIT-OWNER'S POLICY FORM   |
|---|--|---|---|--|
| <b>BASIC FORM (HO-1)</b>  | <b>BROAD FORM (HO-2)</b>   | <b>SPECIAL FORM (HO-3)</b>  | <b>CONTENTS BROAD FORM (HO-4)</b>   | <b>CONDO OWNERS FORM (HO-6)</b>  |
| Named peril coverage: fire, lightning, windstorm excluding hurricane, hail, explosion, vandalism or malicious mischief, damage by vehicles, aircraft and riots. Since few homeowners select this limited policy, many insurers no longer offer Form HO-1. | In addition to the Basic Form (HO-1) coverages, this form also insures a home and personal property for collapse or damage from falling trees and other objects, and (under certain conditions) from steam and water damage. | Open peril coverage excluding the following: flood, surface water, sewer backups, tidal waves, earthquakes, landslides, war, nuclear radiation, and hurricane. Personal property only covered for the same perils as the Broad Form (HO-2). | This policy provides renters personal property protection against the same perils as the Broad Form (HO-2) and includes personal liability protection. Unlike the other policy forms, the renter's HO-4 form only incorporates coverages C through F. | This condominium and townhouse unit owners form offers coverage for personal property and interior finishes. The condo association typically purchases a separate policy that covers the building (including common walls and grounds) and associated liability. |
| >>>>>>>>>>>> As coverage increases so does your premium price. >>>>>>>>>>>>   |  |   |   |  |

## POLICY COVERAGES

Every homeowner's policy, except for HO-4, includes the following six coverages. If your policy's standard coverage is inadequate, endorsement forms may offer specialized coverage to meet your needs.

|            |  |
|------------|--|
| Section I  | <p><b>Coverage A:</b> Covers main house damage. The coverage limit is typically set at or near the replacement cost of the home. For Condo Unit-Owners (HO-6), limit usually the declared value by insured.</p> <p><b>Coverage B:</b> Covers damage to other structures on the lot, such as detached garages/carports and storage sheds.</p> <p><b>Coverage C:</b> Covers damage to or loss of personal property.</p> <p><b>Coverage D:</b> Covers additional living expenses (incurred by the insured) to continue the "normal" standard of living when the house cannot be occupied due to a covered loss.</p> |
| Section II | <p><b>Coverage E:</b> Covers personal liability exposures. Protects against a claim/lawsuit resulting from (non-auto &amp; non-business) bodily injury or property damage to others caused by your negligence.</p> <p><b>Coverage F:</b> Regardless of who is at fault, this coverage pays for reasonable medical expenses for persons (other than you or residing family members) accidentally injured on your property.</p>  |

## TYPES OF VALUATION

**Replacement cost** is the amount necessary to replace, rebuild, or repair your home/property without deducting for depreciation. Depreciation is the decrease in an asset's value due to age, obsolescence, and/or "wear and tear." Many insurers require policyholders to insure their homes for at least 80% of its replacement value.

**Actual cash value (ACV)** is the cost to replace, rebuild, or repair your home/property after deducting for depreciation. Most homeowner policies cover personal property on an ACV basis.

## PREMIUM DEVELOPMENT CONSIDERATIONS (VARIES BY INSURER)

Your premium may be based on, but not limited to, the following factors: type of construction, loss prevention devices, public protection class, deductible level, amount of insurance, and policy form.

## BUYING HOME INSURANCE

The key to insurance comparison shopping is identifying your desired deductible levels, coverage limits and provisions before getting premium quotes. Once your ideal policy parameters are selected (with your agent's assistance, if necessary), the quotes you receive should be on an "apples to apples" comparative basis. After obtaining multiple premium quotes, your personal preference dictates the emphasis placed on the following considerations: premium cost, service and financial stability. Generally, financial ratings from reputable sources (i.e. A.M. Best and Moody's) indicate an insurance company's financial "health" and ability to pay claims. Note: if your agent only represents one insurance company, you may need to contact an independent agent to obtain competing quotes.



The Insurance Division of the Hawaii State Department of Commerce and Consumer Affairs provides this sample premium comparison of licensed insurance companies transacting Homeowners insurance in Hawaii as part of our continuing effort to assist and educate consumers.

**OAHU - SAMPLE ANNUAL RENTERS (TENANT) PREMIUMS**

Based on voluntary participation of licensed insurers, the sample premiums listed below consider the following assumptions:

| RENTERS POLICY (HO-4)   |  | DWELLING CHARACTERISTICS         |                      |                        |  |  |  |
|---|--|----------------------------------|----------------------|------------------------|--|--|--|
| Coverage C: \$25,000<br>D: 20% of Coverage C<br>Deductible: \$500<br>Rates effective as of July 1, 2012 |  | Year Built: 1980                 | 2005                 | 1990                   |  |  |  |
|   |  | Construction: Wood (Single-wall) | Wood (Double-wall)   | Masonry (CMU)          |  |  |  |
|   |  | Roof: Hip, asphalt shingle       | Hip, asphalt shingle | Flat, torched membrane |  |  |  |
|   |  | Elevation: 15' above sea-level   | 15' above sea-level  | 15' above sea-level    |  |  |  |
|   |  | Add'l Factors: Primary residence | Primary residence    | Primary residence      |  |  |  |
|   |  | No claims in 5 yrs.              | No claims in 5 yrs.  | No claims in 5 yrs.    |  |  |  |

| NAIC Co. Code | Insurance Company                                 | Public Protection Class* |     | Public Protection Class* |     | Public Protection Class* |     |
|---------------|---|--------------------------|-----|--------------------------|-----|--------------------------|-----|
|               |   | 3                        | 10  | 3                        | 10  | 3                        | 10  |
| 10861         | Universal Property and Casualty Insurance         | 63                       | 129 | 63                       | 129 | 63                       | 129 |
| 12502         | Dongbu Insurance Co., Ltd. (U.S. Branch)          | 77                       | 157 | 77                       | 157 | 69                       | 118 |
| 15598         | Interinsurance Exchange of the Automobile Club    | 102                      | 116 | 102                      | 116 | 102                      | 116 |
| 37265         | DTRIC Insurance Company, Ltd.                     | 105                      | 212 | 105                      | 212 | 100                      | 169 |
| 25143         | State Farm Fire and Casualty Company              | 109                      | 120 | 109                      | 120 | 109                      | 120 |
| 19232         | Allstate Insurance Company                        | 124                      | 142 | 124                      | 142 | 124                      | 142 |
| 23035         | Liberty Mutual Fire Ins. Co.                      | 125                      | 142 | 125                      | 142 | 125                      | 142 |
| 25180         | Fidelity National Insurance Company               | n/a                      | n/a | 135                      | n/a | 135                      | n/a |
| 29068         | IDS Property Casualty Ins. Co.                    | 150                      | 150 | 150                      | 150 | 150                      | 150 |
| 10938         | First Security Insurance of Hawaii, Inc.          | 150                      | 265 | 150                      | 265 | 150                      | 199 |
| 41742         | First Insurance Company of Hawaii, Ltd.           | 150                      | 304 | 150                      | 304 | 150                      | 229 |
| 10805         | American Pacific Insurance Company                | 153                      | 311 | 153                      | 311 | 137                      | 234 |
| 41734         | First Indemnity Insurance of Hawaii, Inc.         | 179                      | 363 | 179                      | 363 | 159                      | 272 |
| 41726         | First Fire and Casualty Insurance of Hawaii, Inc. | 179                      | 363 | 179                      | 363 | 159                      | 272 |
| 19615         | American Reliable Insurance Company               | 167                      | 278 | 185                      | 371 | 185                      | 371 |
| 28487         | Farmers Insurance Hawaii, Inc.                    | 193                      | 392 | 193                      | 392 | 172                      | 294 |
| 10111         | American Bankers Insurance Company (H)            | 203                      | 203 | 203                      | 203 | 203                      | 203 |
| 21105         | North River Insurance Company                     | 250                      | 325 | 250                      | 325 | 250                      | 273 |
| 21113         | United States Fire Insurance Company              | 250                      | 371 | 250                      | 371 | 250                      | 310 |
| 25941         | United Services Automobile Association            | 251                      | 251 | 251                      | 251 | 251                      | 251 |
| 18600         | USAA General Indemnity Company                    | 253                      | 253 | 253                      | 253 | 253                      | 253 |
| 31348         | Crum & Forster Indemnity Company                  | 278                      | 500 | 278                      | 500 | 251                      | 419 |
| 25968         | USAA Casualty Insurance Company                   | 301                      | 301 | 301                      | 301 | 301                      | 301 |

(H): includes hurricane premium

**OAHU - SAMPLE ANNUAL RENTERS (TENANT) HURRICANE PREMIUMS**

Based on voluntary participation of licensed insurers, the sample premiums listed below consider the following assumptions:

| HURRICANE POLICY   |  | DWELLING CHARACTERISTICS (same as above) |                      |                      |  |  |  |
|--|--|--|----------------------|----------------------|--|--|--|
| Contents Coverage: \$25,000<br>Deductible: DED (below)<br>Rates effective as of July 1, 2012 |  | Construction: Wood (Single-wall)         | Wood (Double-wall)   | Masonry (CMU)        |  |  |  |
|  |  | Wind R Devices: None                     | Hurricane roof clips | Hurricane roof clips |  |  |  |
|  |  | R = Resistive                            | Foundation anchors   |                      |  |  |  |

| NAIC Co. Code | Insurance Company                              | DED | Public Protection Class* |          | Public Protection Class* |          | Public Protection Class* |          |
|---------------|--|-----|--------------------------|----------|--------------------------|----------|--------------------------|----------|
|               |  |     | 3                        | 10       | 3                        | 10       | 3                        | 10       |
| 10861         | Universal Property and Casualty Insurance      | 2%  | 24                       | 24       | 19                       | 19       | 11                       | 11       |
| 25180         | Fidelity National Insurance Company            | 1%  | n/a                      | n/a      | 25                       | n/a      | 11                       | n/a      |
| 25143         | State Farm Fire and Casualty Company           | 2%  | 35                       | 35       | 35                       | 35       | 31                       | 31       |
| 12502         | Dongbu Insurance Co., Ltd. (U.S. Branch)       | 2%  | 97                       | 97       | 42                       | 42       | 42                       | 42       |
| 15598         | Interinsurance Exchange of the Automobile Club | 2%  | 124                      | 124      | 59                       | 59       | 46                       | 46       |
| 29068         | IDS Property Casualty Ins. Co.                 | 5%  | 62                       | 62       | 62                       | 62       | 62                       | 62       |
| 19615         | American Reliable Insurance Company            | 2%  | 63                       | 63       | 63                       | 63       | 63                       | 63       |
| 25941         | United Services Automobile Association         | 2%  | 68                       | 68       | 68                       | 68       | 68                       | 68       |
| 25968         | USAA Casualty Insurance Company                | 2%  | 68                       | 68       | 68                       | 68       | 68                       | 68       |
| 18600         | USAA General Indemnity Company                 | 2%  | 68                       | 68       | 68                       | 68       | 68                       | 68       |
| 37273         | AXIS Insurance Company                         | 2%  | 95                       | 95       | 75                       | 75       | 75                       | 75       |
| 10111         | American Bankers Insurance Company             | 2%  | included                 | included | included                 | included | included                 | included |

\* The Public Protection Classification (PPC) is a rating criterion that measures a community's fire protection capabilities. PPC community grading is based on Fire Department characteristics, available water supply, and communication system. On Oahu, your property's PPC is a 3 unless located more than five road miles from a recognized fire station and 1000 feet from a 4" hydrant (PPC 10). Please contact your agent for more information.

**THE SAMPLE PREMIUMS VS. YOUR PREMIUMS**

The premium cost of your Renters insurance policy may be affected by, but not limited to, the following considerations: coverage limits, deductible levels, loss preventative devices (i.e. security system) and previous claims. Each insurance company may have unique rating factors associated with these risk classifications. Thus, your current or quoted premium could vary from the sample indications. Please contact your agent to obtain quotes from listed and unlisted insurers to account for your home's specific characteristics and desired coverage provisions.

