

# Product Knowledge

HOME OWNERS

# QUESTION?

- What is split wind and hail?

# ANSWER!

- A split deductible is an insurance policy feature that applies different deductible amounts based on the specific peril or loss. [1] For example, a policy might have a \$1,000 deductible for all perils except wind/hail, and a \$5,000 deductible specifically for wind/hail losses. [1] This means that if a covered loss occurs due to wind or hail, the policyholder would be responsible for paying the \$5,000 deductible.

# QUESTION?

- What is guest medical?

# ANSWER!

- This coverage provides financial assistance for medical expenses incurred by a guest who suffers an injury while on your property, regardless of who is at fault. [2] The coverage limit is typically lower than Personal Liability insurance, which covers incidents where you are legally responsible.

# QUESTION?

- What is Building Ordinance?

# ANSWER!

- Building Ordinance Coverage is an optional property coverage that helps pay for additional costs incurred when rebuilding or repairing a home due to government ordinances, codes, regulations, or laws. [3] This coverage is particularly important as it ensures compliance with updated building standards, which may not be included in the original construction plans.

# QUESTION?

- What is Extended Replacement Cost?

# ANSWER!

- Extended Replacement Cost (ERC) provides additional coverage beyond the Coverage A limit (dwelling coverage) stated on your Farmers Flex Personal Home policy. **Optional Extended Replacement Cost of 110%, 125%, 150%**
- [1] This coverage pays up to the ERC stated limit to repair, rebuild, or replace covered damage to your dwelling. [1] The ERC limit is a percentage of the Coverage A limit and is reflected on the Declarations Page. [1]
- To qualify for ERC, your dwelling must be insured for 100% of its estimated reconstruction cost. [1] A property inspection may be required to verify this. [1] Additionally, you must notify Farmers within 60 days of any physical changes that increase the value of your insured buildings by \$5,000 or more. [1] Any additional premium resulting from these changes will be applied.

# QUESTION?

- What is Guaranteed Replacement Cost?

# ANSWER!

- Guaranteed Replacement Cost (GRC) is an optional endorsement available for Farmers Flex® Personal Home policies. [1] It provides coverage for the full cost to rebuild your home after a covered loss, regardless of the stated limit in your policy declarations. To qualify for GRC, your policy must meet specific underwriting requirements: [1, 3, 5]
- **Coverage A:** Must be at least 95% of the average dollar per square foot for your ZIP code and 100% of the estimated reconstruction cost. [1, 2]
- **Coverage B:** Must be at least 10% of Coverage A. [1, 2]
- **Coverage C:** Must be at least 75% of Coverage A. [1, 2]
- **Coverage D:** Must be at least 30% of Coverage A. [1, 2]
- **Building Ordinance or Law:** Must be at least 10% of Coverage A. [1, 2]
- **Additional Living Expense Term:** Must be 24 months. [1, 2]
- **Replacement Cost (RC):** Required on Roofs, Fences, and Contents. [1]
- **Premier Limits for Increased Personal Property:** Required. [1]
- **Coverage A Limit:** Must be \$1,000,000 or less. [1, 2]
- **Course of Construction Endorsement:** Not allowed. [1, 2]
- **High Exposure Areas:** Not available in areas with Public Protection Class 8-10, within 10 miles of the Atlantic Ocean, Gulf Coast, or other major bodies of water. [1, 2]
- GRC is an additional charge and requires notification to the company within 60 days of any physical changes that increase the value of your insured buildings by \$5,000 or more. [1]
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# QUESTION?

- What is FORTIFIED Roof Upgrade?

# ANSWER!

- The FORTIFIED Roof Upgrade is an optional endorsement available for Farmers Flex® Personal Home policies. [1] This endorsement provides additional coverage for direct physical loss or damage to a roof that requires a complete replacement. [1]
- To be eligible for this endorsement, the following criteria must be met:
- **Dwelling with asphalt roofing material:** The endorsement is only available for homes with asphalt roofs.
- **Roof materials settled on a Replacement Cost Value (RCV) basis:** The roof materials must be valued on an RCV basis, meaning the policy will cover the full cost of replacement. [1]
- **Coverage added at new business or renewal:** The endorsement can be added to a policy at the time of purchase or during renewal. [1]
- It's important to note that the FORTIFIED Roof Upgrade endorsement is mutually exclusive with the Scheduled Roof (ACV Roof) endorsement. [1] Additionally, this endorsement is available for an additional charge

# QUESTION?

- What is scheduled payment vs replacement cost?

# ANSWER

- Scheduled roof payment refers to the estimated cost of repairing or replacing damaged roof materials, multiplied by a percentage determined by the roof's age and material type. [1, 2] This percentage, known as the "scheduled roof payment percentage," accounts for depreciation.
- The scheduled roof payment includes all reasonable costs associated with the repair or replacement, such as debris removal, labor, taxes, fees, and any increased costs due to building laws or general contractor charges

# QUESTION?

- What is Increase of Loss Assessment?

# ANSWER!

- NOT FOR US!!
- Increase of Loss Assessment coverage is an optional endorsement available in some states to enhance your Loss Assessment coverage. [1] This endorsement increases the coverage limit beyond the standard amount stated in your policy. By increasing the limit, you can protect yourself from higher assessments levied by your homeowners or property owners association (HOA) in the event of a covered loss to common property.
- It's important to note that this endorsement is only available in Arkansas, Iowa, Nebraska, North Dakota, South Dakota, and Texas. Additionally, increased limits come with an additional charge.

# QUESTION?

- What is Limited Matching of Undamaged Property?

# ANSWER!

- Limited Matching Coverage is an optional endorsement available for Farmers Flex<sup>®</sup> Personal Home policies. [1] This coverage provides financial assistance for replacing undamaged, obsolete, or discontinued siding and/or composition roof materials following a covered loss. [1] However, to receive payment, the undamaged property must be replaced with the same materials used to repair or replace the damaged, obsolete, or discontinued property. [1]
- It's important to note that Limited Matching Coverage and Scheduled Roof (ACV Roof) are mutually exclusive. Additionally, coverage for a specific loss is subject to a claim investigation. [1]

# QUESTION?

- What is Marring To Certain Metal Materials?

# ANSWER!

- As an Ea Agent at Farmers in Michigan, you can add coverage for marring to certain metal materials to a home policy. This coverage protects against damage caused by windstorm or hail to metal roof components, metal guttering, downspouts, metal windows, metal window framing, metal doors, and metal door framing.

# QUESTION?

- What is Access through Foundations and Walls?

# ANSWER!

- Access through Foundations and Walls" is an optional coverage available in the Farmers Flex® Personal Home Rating and Underwriting Rules Manual. [1] This coverage eliminates the \$2,000 limit on costs associated with accessing plumbing repairs. [1] It covers the expenses of tunneling under, cutting into, or replacing portions of foundations, slabs, concrete floors, pads, patios, or retaining walls. [1] This coverage is particularly beneficial when plumbing repairs require significant structural modifications.

# QUESTION?

- What is Special Limits on Personal Property?

# ANSWER!

- Special Limits on Personal Property provide enhanced coverage for specific types of items within your Farmers home insurance policy. [2] These limits can be increased or decreased to customize your coverage based on your needs. [2]
- Here's a breakdown of the different special limits available:
- **Personal Property at Other Residence:** This coverage provides additional protection for personal belongings kept at a second residence. [1] The base policy includes limits ranging from 5% to 15% of your Coverage C limit, depending on your plan. [1] You can increase these limits through an optional endorsement. [1]
- **Theft of Jewelry, Watches, Furs:** The base policy provides a \$1,000 limit for theft of these items. [2] You can increase this limit to \$1,000/2,500 or \$1,500/5,000 through the special limits endorsement. [2]
- **Theft of Firearms:** The base policy provides a \$1,000 limit for theft of firearms. You can increase this limit to \$2,500 or \$3,000 through the special limits endorsement. [2]
- **Business Property:** The base policy provides limits of \$500/250 for business property located on or off your premises. [2] You can increase these limits to \$2,500/500 or \$5,000/1,000 through the special limits endorsement. [2]
- **Portable Electronic Equipment:** The base policy provides a \$1,000 limit for portable electronic equipment used off-premises. [2] You can increase this limit to \$5,000 through the special limits endorsement. [2]
- **Money:** The base policy provides a \$100 limit for money. [2] You can increase this limit to \$250 or \$500 through the special limits endorsement. [2]
- **Deeds, Securities, Valuable Papers:** The base policy provides a \$500 limit for these items. [2] You can increase this limit to \$1,000 or \$1,500 through the special limits endorsement. [2]
- **Theft of Silverware, Goldware:** The base policy provides a \$1,000 limit for theft of these items. [2] You can increase this limit to \$2,500 or \$5,000 through the special limits endorsement. [2]
- **Fine Arts and Imported Rugs:** The base policy provides a \$5,000 limit for these items. [2] This limit remains the same even with the special limits endorsement. [2]
- **Collectable Cards and Comic Books:** The base policy provides limits of \$200/1,000 for these items. [2] You can increase these limits to \$200/1,500 or the full Personal Property Limit through the special limits endorsement. [2]
- **Watercraft and Windsurfers:** The base policy provides a \$1,000 limit for these items. [2] You can increase this limit to \$1,500 or \$3,000 through the special limits endorsement. [2]
- **Trailers:** The base policy provides a \$1,000 limit for trailers. You can increase this limit to \$1,200 or \$1,500 through the special limits endorsement. [2]
- **Motor Vehicle Parts:** This coverage is not included in the base policy. [2] However, you can add it through the special limits endorsement, with a limit of \$2,000. [2]

# QUESTION?

- What is E-Bikes & Golf Carts?

# ANSWER!

- **E-Bikes & Golf Carts Coverage:**
- Farmers Flex<sup>®</sup> Personal Home policies offer an optional endorsement for E-Bikes and Golf Carts. This endorsement provides coverage for low-speed vehicles, including: [1]
- **Pedal Assist Class 1 E-Bikes:** These bikes have a maximum speed of 20 mph and are allowed on most roads and paths where regular bikes are permitted. [4]
- **Motorized Golf Carts:** Coverage applies to golf carts not subject to motor vehicle registration while on the residence premises or used for golfing on the golf course

# QUESTION?

- What is Emergency Mortgage Assistance?

# ANSWER!

- Emergency Mortgage Assistance is an optional endorsement available for Farmers Flex<sup>®</sup> Personal Home policies. [1, 2] This endorsement provides coverage for mortgage payments if a covered accidental, direct, distinct, and demonstrable physical loss or damage to the dwelling makes it uninhabitable. Coverage for a specific loss is subject to a claim investigation.

# QUESTION?

- What is Water Backup and Sump Overflow?

# ANSWER!

- Water Backup and Sump Overflow coverage, available as an endorsement for Farmers Flex® Personal Home policies, protects against losses caused by sewer and drain backups and sump pump failures. [1] This coverage extends to losses under Coverage A (Dwelling), Coverage B (Separate Structures), Coverage C (Personal Property), and Coverage D (Loss of Use). [1]
- The endorsement offers two coverage options:
- **Basic Contents Coverage:** Covers only specific personal property items listed in the endorsement. [1]
- **Extended Contents Coverage:** Covers all property covered under Coverage C (Personal Property). [1]
- The endorsement is available for an additional charge and can only be added or removed on the policy's anniversary renewal date. [1] Mid-term removal is not permitted. [1]
- **State-Specific Considerations:**
- **Michigan:** Water Backup and Sump Overflow coverage can be added or modified mid-term, effective 30 days after the request date. [4]
- **Virginia:** This endorsement provides coverage for Sewer and Drain back-up and sump-pump failure losses, subject to a specified aggregate limit and the deductible listed in the Declarations. [1]
- **Additional Information:**
- The premium calculation for Water Backup and Sump Overflow coverage considers the number of chargeable Water Backup and Sump Overflow claims associated with the insured property and the insured. [5]
- Having a working sump pump battery backup system can reduce the applicable policy deductible by \$500

# QUESTION?

- What is Limited Mold?

# ANSWER!

- Farmers Smart Plan Home policies offer Limited Mold Coverage as an optional endorsement. [1] This coverage provides financial assistance for accidental, direct physical loss or damage to covered property caused by mold. [1, 2, 4] However, it's important to note that this coverage only applies if the mold damage is a consequence of a covered loss under Section I – Property Coverage of the policy. [1, 2, 4] This means the mold damage must stem from an event like a fire, windstorm, or plumbing issue.
- The Limited Mold Coverage endorsement also covers the costs and expenses associated with mold remediation. This includes the removal of mold and any necessary repairs to the affected property. [1, 2, 4] It's important to remember that coverage for a specific loss is subject to a claim investigation.

# QUESTION?

- What is Limited Plumbing System Repair?

# ANSWER!

- Limited Plumbing System Repair is an optional endorsement available for Farmers Flex<sup>®</sup> Personal Home and Farmers Smart Plan Home policies. [3, 4] This endorsement provides coverage for up to \$1,000 to repair or replace the specific part of the plumbing system where a water loss occurred. [1, 2] This coverage is subject to the policy's definition of "plumbing system" and is available for an additional premium.
- It's important to note that this endorsement does not cover damage to appliances, heating/air conditioning systems, or automatic fire protection systems. Additionally, coverage for a specific loss is subject to a claim investigation.

# QUESTION?

- What is Reduced Loss Settlement?

# ANSWER!

- Reduced Loss Settlement (RLS) is an endorsement that modifies the loss settlement provisions for your dwelling and separate structures. [3] With RLS, your policy's coverage limit is set at a stated value lower than the estimated reconstruction cost. [3] This results in a lower premium. [3] However, it's important to note that extended replacement cost, guaranteed replacement cost, building ordinance, and course of construction coverage are not available with RLS.
- State-specific restrictions apply to RLS. In Michigan, it's applied to properties with a Credit Tier S or below and an MV/RCV ratio less than 60%.

# QUESTION?

- What is Homeshare?

# ANSWER!

- Home sharing involves renting out your primary residence, or a portion of it, to a temporary occupant. This can be done directly, through a home-sharing platform like Airbnb or VRBO, or via a rental agency. [1] The rental period must be short-term and for a specified duration.





