

# Homeowners Property Coverage

## ISO HOMEOWNERS COVERAGE

The Insurance Services Office, Inc. (ISO) Homeowners insurance program's policy forms are designed to meet the personal risk management needs of individuals and families.

The parties eligible for coverage under the ISO 2011 Homeowners (HO) insurance program fall into three general categories:

- Individuals and families who own a private home in which they reside—This is typically a single-family dwelling, but sometimes an eligible two to four-family dwelling. A mobile home is not eligible for unendorsed coverage. Dwelling and mobile home insurance policies are available for insuring residences that are not eligible for homeowners policies.
- People who rent or lease the premises in which they reside—The residence might be an apartment, a house (either a single-family house or other type), a mobile home, a trailer home, a house trailer, or a condominium unit.
- Individuals and families who own private condominium units used for residential purposes—Most insurers provide homeowners policies to people who own and live in condominium units. However, some insurers also provide such coverage when the insureds own but do not live in the condominium as long as the condominium unit is used as a residence by one family or by one or two tenants.

To address these parties' needs, the ISO Homeowners program offers six policy forms:

- Homeowners 2—Broad Form (HO-2)
- Homeowners 3—Special Form (HO-3)
- Homeowners 4—Contents Broad Form (HO-4)
- Homeowners 5—Comprehensive Form (HO-5)
- Homeowners 6—Unit-Owners Form (HO-6)
- Homeowners 8—Modified Coverage Form (HO-8)

Individuals and families should select a form based on their risk management needs and whether they meet the form's eligibility requirements. See the exhibit "How the ISO Homeowners Program Policy Forms Address Personal Risk Management Needs."



### How the ISO Homeowners Program Policy Forms Address Personal Risk Management Needs

ISO Policy Form	Example of Personal Risk Management Need Addressed
HO-2— Broad Form	Meets most needs of owner-occupants for dwelling, other structures, and personal property coverage at a lower premium than the HO-3 or HO-5 coverages.
HO-3— Special Form	Meets the needs of owner-occupants of dwellings who want coverage on their dwellings and other structures that is broader than the HO-2 offers.
HO-4— Contents Broad Form	Meets the needs of tenants and other apartment or dwelling occupants who do not require coverage on the dwelling.
HO-5— Comprehensive Form	Meets the needs of owner-occupants of dwellings who want the broadest coverage available among ISO's forms for their dwellings, other structures, and personal property.
HO-6— Unit-Owners Form	Meets the needs of owners of condominium units and cooperative apartment shares.
HO-8— Modified Coverage Form	Meets the needs of owner-occupants of dwellings who may not meet insurer standards required for other policy forms.

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The HO-2—Broad Form (HO 00 02), simply known as the HO-2, provides named perils coverage for dwellings, other structures, and personal property. The HO-2 is designed to meet the risk management needs of owner-occupants of dwellings.

Forms HO-2, HO-3, HO-5, and HO-8 can be issued only to the owner-occupant of a one-, two-, three-, or four-family dwelling. Rules prohibit issuance to owners who do not occupy the dwelling. Further, the forms may not be issued to cover dwellings on farm premises. Persons purchasing a dwelling under a long-term installment contract, without legal title to the property, are eligible in the same manner as titled owners and occupants under a life estate arrangement. Also, a dwelling under construction is eligible if the named insured is the intended owner-occupant.

The HO-3—Special Form (HO 00 03), called the HO-3, provides special form coverage on dwellings and other structures (rather than the named perils coverage provided by the HO-2). Special form coverage, also known as open perils coverage, protects property against direct physical loss that is not otherwise excluded by the coverage form. Note that the HO-3 provides named perils coverage for personal property, as does the HO-2. The HO-3 is designed to meet the risk management needs of owner-occupants of dwellings who want broader coverage on their dwellings and other structures.



The HO-4—Contents Broad Form (HO 00 04), or HO-4, provides coverage for a tenant’s personal property on a named perils basis. The HO-4 does not provide coverage for dwellings or other structures. This policy form is designed to meet the risk management needs of tenants and other occupants of apartments or dwellings. For example, a young woman who has recently graduated from college, started a new job, and moved into an apartment should obtain an HO-4 if she is no longer an official resident of her parents’ insured household and would like her own personal property and liability insurance protection. Form HO-4 can be issued to a tenant who maintains a residence in any kind of structure. Persons who maintain a residence in a building that they own but that is not a one- or two-family dwelling are also eligible.

A homeowners policy (other than HO-4) may also be issued in the name of a trust and trustee(s) when legal title to a one-, two-, three-, or four-family dwelling or condominium unit is held solely by the trust and when the trustee, beneficiary, or grantor regularly resides there. If a portion of the premises is used for other-than-private-residential occupancy, eligibility rules permit (1) not more than two roomers or boarders per family unit and (2) an incidental business occupancy, such as an office, private school, or studio. Occasional rental of the premises to others is also allowed.

The HO-5—Comprehensive Form (HO 00 05), known as the HO-5, provides open perils coverage on dwellings, other structures, and personal property. The HO-5 is designed to meet the risk management needs of owner-occupants of dwellings who would like the broadest coverage available among ISO’s forms for their property. A homeowner who desires the broadest available coverage for his home and contents, and is willing to pay the increased premium for it, should select the HO-5.

The HO-6—Unit-Owners Form (HO 00 06), or HO-6, provides coverage for personal property on a named perils basis, with limited dwelling coverage (unit improvements and betterments). The HO-6 is designed to meet the risk management needs of the owners of condominium units and cooperative apartment shares. The HO-6 is similar to the HO-4, but it includes special provisions for loss exposures inherent in condominium and cooperative unit ownership. For example, a couple that purchases a vacation unit in a seaside condominium community should obtain additional homeowners coverage under an HO-6.

Only owners of condominium units and cooperative apartment shareowners are eligible for the HO-6, although the insured is not required to be an occupant of the unit. If a two-, three-, or four-family dwelling is co-owned by the families who reside there, one of the owner-occupant forms may be issued in the name of one of the owner-occupants, with the others named on an Additional Insured Endorsement (HO 04 41) to cover each party’s interest in the building. The other parties may be issued an HO-4 for their personal property. This combination of coverages gives all co-owners complete homeowners coverage.

