

Homeowners Insurance Coverage Structure

This reference explains how a standard homeowners insurance policy is structured. Each coverage layer represents a distinct category of protection and plays a different role during a loss.

Dwelling (Coverage A)	Covers the physical structure of the home, including materials, labor, and permanently attached components. This coverage forms the foundation of the policy and influences how several other coverages are calculated.
Other Structures (Coverage B)	Covers detached structures on the property such as garages, sheds, and fences. Limits are commonly expressed as a percentage of the dwelling coverage.
Personal Property (Coverage C)	Covers personal belongings inside the home, such as furniture, clothing, and electronics. Coverage limits and valuation methods vary and can significantly affect claim outcomes.
Loss of Use (Coverage D)	Covers additional living expenses when a covered loss makes the home uninhabitable. This coverage pays for increased costs due to displacement, not for repairing the home.
Personal Liability	Covers injury or property damage claims made by others for which the policyholder is legally responsible. This coverage also pays for legal defense costs, up to the policy limit.
Medical Payments	Covers minor medical expenses for guests or others injured on the property, regardless of fault. This coverage is intended to resolve small incidents quickly and prevent escalation.

Policy Modifiers (Apply Across Multiple Layers)

Deductibles – The amount paid out of pocket before insurance responds. Different deductibles may apply depending on the type of loss.

Endorsements – Optional additions or changes that expand, limit, or modify coverage behavior. Endorsements often explain why two policies with similar limits behave very differently.