

MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION
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FACT SHEET
HOMEOWNERS INSURANCE TO VALUE PROGRAM

In the event of a loss to an insured dwelling, the Loss Settlement provisions of a Homeowners Policy forms HO 00 02, HO 00 03 & HO 00 05 dictate the amount an insured recovers for the loss. This fact sheet lists the benefits of writing at least 80% of the replacement cost, options for writing coverage at less than 80% of the replacement cost and an option that provides coverage beyond the policy limits subject to policy provisions.

HO 00 02, HO 00 03 & HO 00 05 80% minimum requirement.

The Association requires HO 00 02 HO 00 03 & HO 00 05 policyholders to write Coverage A amount of at least 80% of the estimated replacement cost. This minimum option ensures that, in the event of a partial loss, the policyholder receives full replacement cost coverage, subject to policy limits and conditions. The Association requires this minimum limit to ensure the policyholder is going to receive the full benefit of the contract purchased in the event of a partial loss. *In order to protect against a total loss to the property, it is suggested to consider writing coverage in an amount equal to at least the replacement cost.*

Guaranteed Replacement Cost option.

Use of the Additional Limits of Liability for Coverages A, B, C and D, endorsement HO 05 02, for an additional premium, can be applied to a HO 00 02 HO 00 03 & HO 00 05 to provide additional amounts of coverage in the event of a loss. In the event of a covered loss that exceeds the Coverage A limit, the Coverage A limit on the policy will be amended to equal the current replacement cost of the dwelling. Coverages B, C, and D will be increased, by the same percentage applied to coverage A, retroactive to the date of loss. The HO 05 02 endorsement conditions require writing at least 100% of the Association's Estimated replacement cost, report any improvements, alterations or additions that increase the replacement cost and is subject to all policy conditions.

Additional Limits of Liability

The Specified Additional Limits of Liability endorsement for Coverage A-Dwelling, which makes an additional amount, equal to either 25% or 50% of the Coverage A limit, available to apply to a covered loss. This additional amount is additional to the coverage A limit. This endorsement does not increase coverage B, C, or D amounts. The maximum Coverage A limits available when requesting the endorsement at the available percentages are as follows: (1) at 25% additional coverage, \$800,000; and (2) at 50% additional coverage, \$667,000. The HO 05 08 endorsement requires writing at least 100% of the Association's Estimated replacement cost, report any improvements; alterations or additions that increase the replacement cost and is subject to all policy conditions.

Homeowners written at less than 80% of the estimated replacement cost.

Use of the Special Loss Settlement Endorsement HO 04 56, for an additional premium, with form HO 00 02 HO 00 03 & HO 00 05 allows for the Coverage A amount to be 70%, 60% or 50% of the replacement cost and the policyholder still receives full replacement cost coverage, subject to policy limits and conditions.

Homeowners Actual Cash Value

Use of the Actual Cash Value Loss Settlement endorsement, HO 04 81, for an additional premium, allows for the property to be written at less than 80% of the estimated replacement cost of the building. The HO 04 81 amends the loss settlement portion of your by settling covered property losses at actual cash value at the time of loss but shall not be settled at more than the amount required to repair or replace.