

# Dwelling Insurance Buyer's Guide

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Serving Policyholders For Over 100 Years

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**NJM** Insurance  
Group

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EST. 1913



# YOUR DWELLING BUYER'S GUIDE QUICK REFERENCE

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**CUSTOMER SERVICE HOURS**  
**Monday through Friday, 7:00 a.m. - 9:00 p.m.**  
**Saturday, 8:30 a.m. - 4:30 p.m.**  
**Call Toll-Free: 1-800-232-6600**

Background information about the history, reputation and operating philosophy of New Jersey Manufacturers Insurance Company is available at **[njm.com](http://njm.com)**.

**NEW JERSEY MANUFACTURERS INSURANCE COMPANY**  
301 Sullivan Way, West Trenton, NJ 08628-3496

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**INTRODUCTION**

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Since a home is probably the largest purchase you will ever make, quality protection for your investment is essential. We have prepared this Buyer's Guide for several reasons:

- To help you understand the types of Dwelling policies available.
- To advise you of the various endorsements you can use to broaden the coverages provided by the basic Dwelling policies.
- To make you aware of the availability of different discounts and deductibles.
- To help you tailor your Dwelling policy to fit your specific insurance needs.
- This booklet describes the coverages available from New Jersey Manufacturers Insurance Company (NJM).

This booklet is **not** a legal document and does **not** provide coverage. The policy itself is **the** legal contract between you and NJM.

**The availability of coverages explained in this guide is subject to NJM review and approval.**

We write policies for owners of homes under construction, rental properties and seasonal properties; DP-1 Basic (Construction policy only), DP-2 Broad (NJ only, not offered for new policies), and DP-3 Special forms. Dwelling insurance covers a structure for certain and specific perils including lightning, fire, wind damage, hail or sleet, sinkholes, riot, smoke damage, and explosion. Other perils include burglary or theft (when something that is part of the structure is stolen), vandalism and earthquakes.

Your Dwelling policy does not automatically provide Liability (coverage for injuries or damage that you or resident family members may cause others). Liability can either be extended from the primary home for an additional charge that would be applied to your home policy, or added as a Personal Liability endorsement.

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**PROPERTY COVERAGES**

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**Coverage A - Dwelling** provides coverage for your structure (when used as a private residence) and any structures attached to it.

**Coverage B - Other Structures** automatically provides coverage for structures located on your premises but not attached to your home (detached garage, storage shed, etc.).

**Coverage C - Personal Property** provides coverage for the property owned or used by you or members of your family residing with you while it is on the Described Location.

**Coverage D - Fair Rental Value** provides coverage for the fair rental value of that part of the Described Location rented to others or held for rental by you.

**Coverage E - Additional Living Expenses** (DP-2 and DP-3 only) provides coverage for *additional* expenses you would incur if your home was uninhabitable as a result of a covered loss.

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## OTHER COVERAGES

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Each policy provides supplemental protection such as debris removal, reasonable repairs, fire department service charge, etc. in addition to the coverages already listed. Refer to your policy for complete details.

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## PERILS INSURED AGAINST

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Dwelling Policies are insured against various causes of loss. Different policy forms insure against different perils.

The DP-1 (Basic Form) provides coverage for Fire or Lightning, Internal Explosion and Extended Coverage if purchased for additional Perils. This policy is only written for homes under construction.

The DP-2 (Broad Form) provides Named Peril coverage for the Dwelling, Other Structures, and Personal Property. The Named Perils are listed below.

- Fire or Lightning;
- Windstorm or Hail;
- Explosion;
- Riot or Civil Commotion;
- Damage by Aircraft;
- Vehicles;
- Smoke unless it is from agricultural smudging or industrial operations;
- Vandalism or Malicious Mischief;
- Damage by Burglars;
- Damage by Falling Objects;
- Damage by Weight of Ice, Snow or Sleet to a building or to property inside the building;
- Accidental Discharge or Overflow of Water or Steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance;
- Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water;
- Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance;

- Sudden and Accidental Damage from an Artificially Generated Electrical Current, excluding loss to tubes, transistors or similar electronic components;
- Volcanic Eruption, other than loss caused by earthquake, land shock waves or tremors.

The DP-3 (Special Form) provides open/all Peril coverage on the Dwelling and Other Structures. Personal Property on the DP-3 is covered for the Named Perils listed above.

For structure damage, the DP-3 policy provides special, more comprehensive coverage than the DP-2. Instead of naming specific perils that are covered, the DP-3 covers damage to the dwelling and other structures unless the cause is specifically excluded. The exclusions, such as the perils of earthquake, flood, neglect, wear and tear, deterioration and others, are listed in the policy.

The following are examples of losses that would only be covered by the DP-3:

- Vandalism or malicious mischief to contents if the dwelling has been vacant for less than 60 consecutive days.
- Damage to fences, driveways or walks by a vehicle even when it was driven by a resident.
- Accidental damage to floors, ceilings and walls.
- Scorching of countertops, such as inadvertently placing a hot pan on a kitchen counter.

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## EXCLUSIONS

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Each of the policies we offer also contains an Exclusions section which explains the items and/or situations where coverage does not apply. All of our policies exclude:

- |                   |                        |
|-------------------|------------------------|
| 1. Earth Movement | 5. War                 |
| 2. Water          | 6. Nuclear Hazard      |
| 3. Power Failure  | 7. Intentional Loss    |
| 4. Neglect        | 8. Governmental Action |

Also excluded are items for which specific coverage can be purchased.

We suggest that you read your particular policy for the specifics of each exclusion.

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## DETERMINING THE AMOUNT OF YOUR COVERAGE

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### COVERAGES

Now that we have discussed the different types of policies, let's see how the actual *amount* of coverage is determined.

**Dwelling DP-1** (written only for homes under construction), **DP-2**, **DP-3**

**Coverage A Dwelling** – In order for your dwelling to be protected completely, you should buy insurance which equals the full rebuilding cost of your dwelling rather than the selling price.

**Coverage B Other Structures** – This is 10% of Coverage A for all policy forms. On a DP-1 policy, the amount reduces the total of Coverage A in the event of a loss.

**Coverage C Personal Property** – Coverage is available in an amount requested by the applicant. (Minimum limits are required.) There is no automatic personal property coverage.

**Coverage D Fair Rental Value** – Fair Rental Value reimburses insureds for loss of rental income during the period that their property is uninhabitable due to a covered loss. This is 20% of Coverage A for the DP-2 and DP-3 **only** and can be increased if necessary.

**Coverage E Additional Living Expense** – Additional Living Expense automatically provides 20% of Coverage A for the DP-2 and DP-3 **only**.

**Example: Your dwelling is insured for \$100,000**

Coverage A Dwelling = \$100,000

Coverage B Other Structures = \$10,000

Coverage C Personal Property = **Optional** Coverage amount chosen by you

Coverage D Fair Rental Value = \$20,000

Coverage E Additional Living Expense = \$20,000

**LIABILITY COVERAGES** (By Endorsement only)

**Coverage L Personal Liability** – provides coverage for Bodily Injury or Property Damage for which you are legally liable.

**Coverage M Medical Payments to Others** – provides coverage for medical expenses incurred by others.

Neither Coverage L nor M applies to you or any regular members of your household.

The minimum coverage available for Coverage L Personal Liability is \$100,000 and Coverage M Medical Payments to Others is \$1,000. Higher limits are also available. You may wish to consider choosing a Personal Liability limit consistent with your other insurance at a level not less than \$300,000.

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**WORKERS' COMPENSATION COVERAGE**  
**(New Jersey policies only)**

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Workers' Compensation laws provide a no-fault remedy to employees injured in the course of their employment. Eligibility of specific categories of worker for Workers' Compensation benefits depends upon the specific laws of the state where the employment occurs.



The New Jersey Workers' Compensation Law applies generally to regular residential employment. Dwelling policies in New Jersey are automatically endorsed to provide Workers' Compensation coverage for residence employees for a nominal premium.

Except for the limited coverage provided for residence employees under New Jersey Dwelling policies, Workers' Compensation claims are not covered. If you employ anyone other than an occasional residence employee, it may be necessary for you to purchase additional insurance to cover your Workers' Compensation risk. We suggest that you contact a Customer Service Representative to discuss your possible needs in this regard.

The Personal Liability and Medical Payments to Others coverages afforded by a Dwelling policy apply to Bodily Injury claims of residence employees other than those made through the Workers' Compensation system.

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## **DEDUCTIBLES**

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Every Dwelling policy has a deductible that applies to Property Coverages. A deductible is the dollar amount that you are responsible for in the event of a covered loss. You will have a PREMIUM SAVINGS by selecting the highest deductible you can afford if a loss occurs.

The Dwelling deductible routinely quoted is \$750, but we offer other choices. Higher deductible options are available, which will lower your premium.

We require a minimum deductible of \$1,500 for dwellings located in New Jersey coastal regions.

Special hurricane deductibles will apply to risks located in New Jersey coastal regions in the event of a hurricane.

The primary purpose of Dwelling coverage is to protect you against a catastrophe, not for reimbursement of smaller losses that you could handle yourself. Consider the likelihood of having a claim versus the premium saving provided by a larger deductible.

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## **ADDITIONAL COVERAGE BY ENDORSEMENT**

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Our policies are designed to meet the needs of our average policyholder. After reviewing the basic coverages automatically provided, you may feel your unique needs require more specific or additional protection. We may be able to provide that protection by endorsement.

An endorsement is an attachment to your policy that amends the coverages already provided. The following are some of the more commonly purchased endorsements and the coverages they provide; others may be available upon request. Not all endorsements are available for all policy form types. If included as a part of your policy, each of these endorsements will result in an additional charge. Let us customize a policy for your specific needs.

***The policy deductible applies to each endorsement unless otherwise indicated.***

**DL-2401 Dwelling Policy Endorsement for Personal Liability** – This endorsement provides Personal Liability and Medical Payments coverage to a Dwelling policy for the initial residence premise or owner occupied property when there is not a primary policy to extend coverage from.

**DL-0076 Limited Escaped Fuel Liability Coverage** (for use with form DL-2401) – *Applicable to New Business policies first written in New Jersey on May 1, 2017 and later, and Pennsylvania policies first written on January 1, 2018 and later.*

Coverage for personal liability due to leaks from fuel systems, such as oil tanks is excluded from your policy unless you purchase the DL-0076 endorsement, which will provide \$100,000 in liability protection.

***Your first policy year is your ONLY opportunity to purchase this endorsement. The DL-0076 will not be made available to you again if you do not buy it before your first policy term expires.*** If you purchase the DL-0076 during the first year of your policy, you may continue this coverage every year at renewal. Once coverage has been withdrawn it cannot be reapplied.

If you decide to purchase the DL-0076, you will also have \$10,000 of coverage, at no additional charge, for remediation and/or restoration expenses that are a direct result of covered liability claims for fuel leakage.

Fuel tank replacement is not included, but expenses incurred for property restoration using like kind and quality soil, shrubs and other landscaping materials would be covered. **You will not have this remediation coverage without purchasing the DL-0076.** The DL-0076 endorsement will remain on your policy each year at renewal unless you request to remove it. Once coverage has been withdrawn it cannot be reapplied.

**DL-2471 and DP-0422 Limited Fungi, Wet or Dry Rot, or Bacteria Coverage** – These endorsements provide coverage in the event of a covered loss for the testing and removal of fungi, the tearing out of any part of the property to access the fungi, and the repair of the property that was damaged in the process. The DL-2471 also provides coverage to another party for bodily injury or property damage loss in connection with the fungi at the covered dwelling.

**DP-1766 Unit Owners Coverage** – (Condo Unit policies only) Without this endorsement, damage to the residence premises is covered only if it is caused by one of the perils listed in the policy. This endorsement provides broader coverage — responding to any cause except for those specifically excluded. For instance, this endorsement would cover accidental damage to floors, ceilings and walls such as spilling paint, or scorching a kitchen countertop with a hot pan.

**DP-0495 NJ Water Back-Up and Sump Discharge or Overflow Coverage or DP-2375 Water Back-Up and Sump Discharge or Overflow Coverage - Pennsylvania** – The policy does not provide coverage for damage caused by water back-up and for water overflowing from a sump. However, if you inform NJM that your dwelling has a sump pump, this endorsement will provide up to \$5,000 for this

type of loss, even if it is caused by the mechanical breakdown of the sump pump. Coverage does not apply, however, to the sump pump or related equipment caused by mechanical breakdown. The maximum benefit limit is concurrent with your other coverage amounts; it does not increase the total limit of Coverage A (Dwelling), B (Other Structures), C (Personal Property), D (Fair Rental Value) or E (Additional Living Expense) if covered as stated in your policy declarations.

**DP-0495X NJ Water Back-Up Coverage or DP-2375X Water Back-Up Coverage - Pennsylvania** – The policy does not provide coverage for any loss caused by water which backs up through sewers or drains. However, this endorsement provides up to \$5,000 for this type of loss. The maximum benefit limit is concurrent with your other coverage amounts; it does not increase the total limit of Coverage A (Dwelling), B (Other Structures), C (Personal Property), D (Fair Rental Value) or E (Additional Living Expense) if covered as stated in your policy declarations.

**DP-0471 and DP-0474 Ordinance or Law Coverage** – The ordinances or laws of your community may require the rebuilding of a damaged dwelling to be in compliance with current building code standards rather than rebuild the structure as it was before being damaged. This coverage will pay for the additional expense of meeting current building codes up to your Ordinance or Law Coverage limit.

Your policy will provide Ordinance or Law Coverage of up to 10% of your Coverage A (Dwelling) limit at no extra cost for dwelling policies DP-2 and DP-3. The DP-0471 endorsement will increase coverage in incremental amounts above 10% to a maximum of 100% of the Coverage A limit for a higher premium. The DP-1 does not automatically provide coverage for Ordinance or Law. The DP-0474 adds this coverage for a higher premium.

**DP-0469 Earthquake** – While earthquakes are rare for this part of the United States, the possibility that one may occur always exists. Earthquakes are not covered under a dwelling policy. Protection from this risk requires that a separate endorsement (DP-0469) be added. Rates for this coverage are lower in our region as opposed to a high-risk area for earthquakes such as California. (Separate deductible applies)

**DP-0472 Broad Theft Coverage** (available for owner occupied properties) – This coverage will insure against direct physical loss to personal property caused by theft and/or vandalism or malicious mischief on and off the premises. The categories of property covered by this endorsement include money, silverware, passports, watercraft, jewelry, watches, firearms, and trailers.

**DP-0473 Limited Theft Coverage** (available for tenant occupied properties) – This coverage is more restrictive than the DP-0472 Broad Theft Coverage endorsement. This coverage will insure against direct physical loss to personal property caused by theft and/or vandalism or malicious mischief on the premises only. The categories of property covered by this endorsement include watercraft, trailers and firearms.

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## DISCOUNTS

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**Premises Alarm** – Approved and properly maintained installations of burglar alarms, fire alarms or automatic sprinklers in the dwelling may be recognized for a further reduced premium.

**Generator** – A discount is given if an automatic back up or portable generator is present at the insured location.

**Electronic Payment** – A discount may be applied to policies paid using the Automated Payment Plan.

**Paid-In-Full** – A discount may be applied if the policy premium is over \$200 and is paid in full by the first invoice due date.

**Storm Shutters** – A discount may be applied if the insured has storm shutters, designed, and permanently installed on the dwelling and any other building (with living space) on or at the location of the residence premises, in accordance with the manufacturer's specifications, on all exterior wall and roof openings such as doors, windows, and skylights.

**Impact Resistant Glass** – A discount may be applied if the insured has impact resistant glass, designed and permanently installed on the dwelling and any other building (with living space) on or at the location of the residence premises, in accordance with the manufacturer's specifications, on all exterior wall and roof openings such as doors, windows, and skylights.

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## FILING A CLAIM

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Notify us *immediately* if you experience a loss. When reporting a claim for the first time, you may contact our Claims Department at 1-800-FOR-NJM/ins (1-800-367-6564). All other calls to us regarding claims should be made to the number listed on the Claim Acknowledgment that we will send to you.

For Property Damage claims, we may inspect the damage and must offer you a settlement within a reasonable period of time. We also must inform you of all estimates of damage which we have made, all deductions based on the condition of the property, and the deductible applicable to the settlement figure.

If you are dissatisfied with the way your claim is being handled, after discussing your problem with a Claims Representative and his or her supervisor, for New Jersey policies only you may follow the Internal Appeals process described below, or for New Jersey and Pennsylvania policies you may write the Office of the President, NJM Insurance Group, 301 Sullivan Way, West Trenton, NJ 08628-3496. If you are still dissatisfied, for New Jersey policies you can write to the Consumer Inquiry and Response Center (CIRC), New Jersey Department of Banking and Insurance, PO Box 471, Trenton, NJ 08625-0471. For Pennsylvania policies, you may contact the Pennsylvania Insurance Department, 1209 Strawberry Square, Harrisburg, PA 17120.

## **Claims Internal Appeals Process (New Jersey policies only)**

If the final offer of claim settlement is unacceptable, you must seek review from an Internal Appeals Panel by providing a written explanation, and any supporting documentation not previously sent, of why you disagree with the decision. Such explanation should be sent by mail, electronic mail or facsimile to the following individual:

Internal Appeals Administrator  
NJM Insurance Group  
301 Sullivan Way  
West Trenton, NJ 08628-3496  
Phone Number: (609) 883-1300, Ext. 7015  
Fax Number: (609) 671-4004  
E-mail: InternalAppeals@NJM.com

The assigned claims representative can also provide assistance with information pertaining to the Internal Appeals Process.

If you are dissatisfied with the response from the internal appeals panel, you may contact the Insurance Claims Ombudsman.

The Office of Insurance Ombudsman  
20th West State Street  
PO Box 472  
Trenton, NJ 08625-0472  
Phone Number: 1 (800) 446-7467  
Fax Number: (609) 292-2431  
E-mail: ombudsman@dobi.nj.gov

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### **SENIOR CITIZEN THIRD-PARTY NOTIFICATION**

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If a senior citizen is concerned about understanding critical insurance notices or being able to act quickly, NJM can provide copies of such notices to a relative, friend or other designated person. Policyholders age 62 or older may designate such “third-party recipients” to receive copies of any cancellation, nonrenewal or conditional renewal notice for personal lines insurance coverages.

Policyholders who want this additional notification must request it in writing – with the signature of the third-party recipient – by certified mail, return-receipt requested. NJM provides a form for this purpose, which can be obtained by calling customer service at 1-800-232-6600. The written request must be received by the Company at least 10 business days before notification service can be put into effect.

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## PERSONAL UMBRELLA LIABILITY INSURANCE

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An Umbrella policy supplements the personal liability limits provided by your NJM Auto and Homeowners policies. If you do not currently have Umbrella Insurance and would like to learn more about the Umbrella policy or apply for coverage visit [njm.com](http://njm.com), or contact us at 1-800-232-6600.

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## FLOOD INSURANCE

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Flood losses are **not** covered by Dwelling policies. A personal lines representative can provide additional information regarding how to obtain flood insurance.





RECYCLABLE

To reach our Customer Service Department, please call: [1-800-232-6600](tel:1-800-232-6600)

More information about our Company is available at [njm.com](http://njm.com)