

Manufactured Home Insurance

OFFICE OF THE COMMISSIONER OF INSURANCE

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Manufactured home insurance provides coverage similar to a homeowner's policy but is tailored to meet specific needs of the manufactured home owner. Generally, it costs more to insure a manufactured home than a conventional stick-built house due to differences in construction and the manufactured home's greater susceptibility to wind damage.

Types of Insurance

A manufactured homeowner's policy is a package of insurance written specifically for manufactured homes, which includes coverage on the manufactured home as well as theft and personal liability protection. A manufactured homeowner's policy can be either a *named peril* or a *comprehensive policy*.

- **Named peril policy**—usually covers losses to your manufactured home and its contents in the event of specific perils including fire, lightning, explosion, transportation, theft, windstorm, riot or civil commotion, and personal effects.
- **Comprehensive policy**—covers losses from damage to your property as long as two conditions are met: cause of the damage must be direct, sudden, and accidental and cause of the damage is not listed as excluded from your policy. A comprehensive policy covers all perils not specifically listed on the policy as excluded.

Carefully read your policy to be sure you understand your coverage, including what is and is not covered. Before you buy manufactured home insurance, make sure your agent explains the costs and coverages provided by the policy. Your insurance coverage will vary according to the type of policy and your individual needs.

Basic Coverages

- **Personal property coverage**—protects you if any of your possessions are stolen from your manufactured home. A list of your personal property and its value will be helpful if you make a claim.
- **Personal liability coverage**—protects you against a claim or lawsuit resulting from bodily injury or property damage to others. This

applies to nonauto accidents on and off your property if the injury or damage is caused by you, a member of your family or your pet.

- **Medical payments coverage**—pays medical expenses for injuries to other people occurring on your property or elsewhere if the injury was caused by you, your pet, or a family member. Payment is made regardless of fault.
- **Fire and extended coverage policy**—provides coverage for fire and other perils, including windstorm, explosion, and smoke damage. This policy does not automatically cover theft, personal liability, the contents of your manufactured home, or other extra coverages. However, you can purchase additional insurance to include these coverages.

Some policies also provide for extensions of coverage, such as:

- **Additional living expenses**—pays you and members of your family for additional living expenses when your manufactured home is rendered uninhabitable due to damage or destroyed by an insured peril.
- **Emergency removal expense**—covers the cost of reasonable expenses for removing damaged property.

Optional Coverages

- **Consent to move**—endorsement waives the prohibition against moving the manufactured home and extends coverage for 30 days.
- **Trip/transportation coverage**—provides collision coverage for your manufactured home and its contents against damage by collision or upset while being transported from one location to another.

- **Lienholder's single interest coverage**—provides coverage to protect a lienholder's interest in a manufactured home and its equipment against loss due to collision damage or embezzlement, conversion, or secretion while the manufactured home is in lawful possession of the insured. The premium charged for such coverage must be paid for by the lienholder and not by the tenant or the person who owns the manufactured home.

Replacement Cost vs. Actual Cash Value

Before purchasing manufactured home insurance, it is important to understand the difference between "replacement cost" and "actual cash value."

- **Replacement cost** is the amount it would take to replace, rebuild or repair damages with materials of similar kind and quality, without deducting for depreciation up to your policy limits.
- **Actual cash value** is the value of your property when it is damaged or destroyed.

Most manufactured home policies are written on an actual cash value basis, meaning the depreciation of your manufactured home and its contents is taken into consideration at the time of a loss. This is usually figured by taking the replacement cost and subtracting depreciation.

For example, a chair costing \$500 to replace may have a reasonable "life" of 20 years. If it is destroyed after 10 years, its actual cash value will be much less than \$500, probably about \$250. The condition of your chair would also affect your insurance payment.

There are a few insurance companies currently writing replacement cost policies on manufactured homes and their contents. You need to check with your agent to see if this coverage is available.

How Much Manufactured Home Insurance Do You Need?

In deciding how much coverage to purchase for your manufactured home and its contents, you should consider:

- How much of your property could you afford to lose if it were damaged or stolen?
- What property could be damaged or stolen, and how much would it cost to replace it?

- If you were sued by someone who suffered injuries because of your negligence, how would you pay the legal costs and possible damage awards?

Manufactured Home Tie-Down Requirements

An insurer may require your manufactured home be secured to the ground by approved tie-downs and ground anchors unless the manufactured home is secured to the ground on a permanent foundation. It is up to the insured to provide for such tie-downs. Without tie-downs, insurance coverage may not be provided because of the eligibility requirements imposed by the company.

Tie-down requirements vary among insurers. Contact your insurance agent or insurance company to see exactly what your insurance company's requirements are with respect to tie-downs.

Deductibles

The **deductible** is the amount of any loss you must pay before the insurance company will cover damages. Deductibles reduce costs because you pay the first dollars (for example, \$250 or \$500) of every loss. Remember the amount of deductible you choose is the amount you will be responsible to pay.

Cost Comparisons

Cost comparisons among different companies are sometimes difficult to make, but it is worth it to shop around. While the price you pay is important, you should not purchase insurance based on cost alone. You need to find out what coverage is included. Some manufactured home policies are comprehensive, while others cover only specific causes of loss or named perils. Liability coverage, deductibles, and coverage limits can vary from company to company and from policy to policy. Call several agents before making a choice.

Tips on Loss Prevention

- Install smoke and heat detectors near sleeping areas.
- Keep your manufactured home clear of accumulated trash, oily rags, and combustible materials.
- Check lamps, lamp cords, and light switches to make sure there is no faulty wiring.

- Practice home fire drills. Make sure everyone (especially children) knows what to do in case of fire.
- Keep matches away from children.
- Install adequate locks on your manufactured home.

Flood Insurance

Most manufactured home insurance policies do not cover flood losses. Some manufactured home communities (or mobile home parks) are located in a “flood plain” as defined by the federal government. If your community is a participant in the National Flood Insurance Program (NFIP), you are eligible for federally sponsored flood insurance coverage for your manufactured home. Contact your insurance agent to learn more about your eligibility for flood insurance protection. For information on the flood insurance program contact:

National Flood Insurance Program (NFIP)
U.S. Dept. of Homeland Security
500 C Street SW
Washington, DC 20472
(888) 379-9531

www.fema.gov/national-flood-insurance-program

How Do You Shop For Manufactured Home Insurance?

Before signing an application for any insurance coverage, verify the company and agent you are dealing with are licensed in Wisconsin. Licensing information about agents and companies can be found on the Office of the Commissioner of Insurance’s (OCI) website at oci.wi.gov or by calling (800) 236-8517.

You may wish to contact one of the following insurance industry associations or groups for further information:

**Independent Insurance Agents
of Wisconsin (IIAW)**
725 John Nolen Drive
Madison, WI 53713
(608) 256-4429 or
1-800-362-7441
www.iiaw.com

**Professional Insurance Agents
of Wisconsin (PIAW)**
6401 Odana Road
Madison, WI 53719
(608) 274-8188 or
1-800-261-7429
www.piaaw.org

Community Insurance Information Center (CIIC)

600 West Virginia Street, Suite 101
Milwaukee, WI 53204
(414) 291-5360
insuranceinfo-ciic.org

Trouble Finding Insurance?

Companies may choose the people they wish to insure. However, they may not refuse to insure you on the basis of race, color, creed, national origin, or ancestry. If you are turned down by one company, check with others. Companies have different underwriting standards.

If you try several companies and cannot find coverage, you may be insured through the Wisconsin Insurance Plan. This is a risk-pooling arrangement in which all companies selling property insurance in the state share the risk of property owners who have difficulty in securing insurance from usual market sources. You may apply through an insurance agent to see if your manufactured home qualifies. For more information on the Wisconsin Insurance Plan contact:

Wisconsin Insurance Plan (WIP)
600 West Virginia Street, Suite 101
Milwaukee, WI 53204-1552
(414) 291-5353
www.wisinsplan.com

Protecting Your Manufactured Home

Review your insurance annually, preferably with your agent.

- Make an accurate list of your home’s personal contents and their value every year. OCI offers a *Personal Property Home Inventory* at oci.wi.gov/Documents/Consumers/PI-224.pdf. Make it a habit to attach receipts of your more expensive purchases to your home inventory. Keep the list in a fire-proof box or with a relative or friend. An accurate list will be helpful if you need to make a claim.
- Make sure your manufactured home is equipped with a smoke or heat detector and test it monthly.
- Protect your property. Keep your property in good repair. When installing awnings or air-conditioners, be sure they are secure. The more damage resistant you make your manufactured home, the more likely you are to get the most favorable rates when buying insurance protection.

- Make sure any additions to the manufactured home are added to your insurance policy. *Contact your agent to be sure adjacent sheds, tipout rooms, skirting, and additional rooms are covered by your policy.*
- If your manufactured home is moved by a common carrier, you should be sure the carrier provides adequate protection in the event of a loss. The common carrier's protection may not be enough. Contact your insurance agent before you move your manufactured home to another location.

Where to Go for Help

If you have a specific complaint about your insurance, refer it first to the insurance company or agent involved. If you do not receive satisfactory answers, contact the Office of the Commissioner of Insurance (OCI).

Visit oci.wi.gov

to file a complaint online or to print a complaint form.

Phone

(608) 266-0103 (Madison)

or

(800) 236-8517 (Statewide)

Mailing Address

Office of the Commissioner of Insurance
P.O. Box 7873
Madison, WI 53707-7873

Email

ocicomplaints@wisconsin.gov

Please indicate your name, phone number, and email address.

Deaf, hearing, or speech impaired callers may reach OCI through WI TRS.