

Private Client: Policies & Coverage

Glossary

This glossary has been compiled to help you better understand your personal insurance policy, coverage, and key terms.

Insurance Policies & Coverage

- **Coverage A/Dwelling** – the primary structure being insured.
- **Coverage B/Other Structures** – any detached structure from the primary dwelling.

These structures can include:

- ADUs
- Garages
- Sheds
- Fencing
- Lamp posts
- Swimming pools
- Pool houses
- Tennis/basketball courts
- Barns, etc.

- **Coverage C/Contents** – personal property and belongings inside the dwelling.

These items can include:

- Wardrobe/clothing/shoes
- Furniture
- Electronics
- TVs
- Kitchenware
- Towels/linens
- Décor
- Appliances
- Luggage
- Wine
- Artwork
- Jewelry, etc.

Note: Valuables/Collections should be scheduled separately outside of your special limits of Liability.



- **Coverage D/Loss of Use** – this is your temporary living arrangement should your dwelling become uninhabitable due to a partial or total loss. This can also include forced evacuations.

Note: “Fair Rental Value” differs from “Additional Living Expenses.”

- **Coverage E/Liability** – homeowners assume the Liability risk at their property.

These risks can include:

- Swimming pools/spas
- Visitors (friends/contractors/neighbors/children/etc.)
- Animals
- Slip & falls
- Trampolines
- Skateboard ramps
- Businesses
- Social media/cyberbullying
- Hosting/serving alcohol, etc.
- Firearms

Note: Always include Personal Injury coverage in your Liability protection and secure an Excess/Umbrella policy to protect your overall asset portfolio.

- **Coverage F/Medical Payments** – pays for medical expenses for injured parties on your property. It is designed to help the property owner avoid using their Liability coverage.

These payments can include:

- X-rays
- Hospital visits
- Physical therapy
- Nursing services
- Health insurance deductibles/co-pays
- Surgery
- Dental procedures, etc.

Note: If an injured party's expenses exceed the Med Pay limit, the injured party can then sue the property owner for additional damages to cover the remaining expenses incurred.

- **Additional Endorsements, Coverages, and Contract Language to be mindful of:**

- Extended Replacement Cost
- Water Backup
- Identity Fraud & Cyber
- Loss Assessment
- Debris Removal
- Ordinance or Law



- Mold, bacteria, limited fungi
- Equipment/Mechanical Breakdown
- Service Line
- Minimum Earned Premium
- Actual Cash Value vs Replacement Cost Value

Note: Homeowners policies will always exclude Flood & Earthquake coverage. Insureds must purchase separate policies to cover these perils.

- **California Fair Plan** – only covers the perils of Fire/Smoke/Lightning/Internal Explosion. Additional perils can be added such as Vandalism or Malicious Mischief and “Extended Coverages,” which include Windstorm or Hail, Explosion, Riot, Aircraft, Vehicles.
- **Difference in Conditions (DIC)** – also referred to as a “wrap around” policy. This will cover the remaining perils typically found in a Homeowners/Condo-Owners contract, which include Water, Water Backup, Mold, Liability, Med Pay, Personal Injury, Mechanical Breakdown, Service Line, Loss Assessment, etc.

Personal Risk Management

- **Water Mitigation:**
 - Install a water shutoff valve – refer to Risk Mitigation Resources for recommendations.
 - Routine maintenance – make sure the roof is in good condition and replace all water supply lines/hoses regularly.
 - Know where your water main shutoff valve is located.
 - Shut off the water main when you are gone for an extended period of time.
- **Fire/Wildfire Mitigation:**
 - Install fire suppression system – refer to Risk Mitigation Resources for recommendations.

- CalFire resources: [Prepare | CAL FIRE](#)
 - Home hardening tips
 - Defensible space tips
 - Fire-resistant plant/shrub recommendations
 - Build a Wildfire action plan
 - Prepare Family
 - Pack “Go Bag”

- **Valuable Articles/Collections:**
 - It is best practice to have valuable items appraised every two to three years – refer to Risk Mitigation Resources for recommendations.
 - Coverage should match an item’s true value to ensure you are not overpaying insurance premiums on items that may have depreciated, or underinsuring items that may have appreciated as coverage will only payout up to the scheduled amount (in most cases).
 - Collections can include:
 - Wine
 - Jewelry
 - Artwork/sculptures
 - Antiques
 - Silverware
 - Coins
 - Stamps
 - Music equipment
 - Sports memorabilia
 - Handbags/purses
 - Fine China
 - Bicycles
 - Hobbies: dolls, dinosaur eggs/fossils, etc.

- **Cyber Security:**
 - Secure cyber protection – refer to Risk Mitigation Resources for recommendations.
 - Safeguard your finances, reinforce physical security, protect your reputation, harden your data, and prevent identity theft.
 - Cyber security best practices include:
 - Use multifactor authentication
 - Regularly updated software



- Use strong passwords and change them frequently
 - Practice good email hygiene
 - Implement firewalls
 - Monitor network activity and limit access
- **Estate Planning & Legal Entities:**
 - Properties titled in Trusts and LLCs should always be a Named Insured/Additional Interest on your property insurance policy.
 - At the time of a loss, you want your settlement paid to the correct entity titled on your property to avoid confusion and delay.
 - If you own several properties or rentals, it is best practice to place each property in a separate LLC to protect your overall Liability exposure at each location.
 - To avoid the lengthy and costly probate process after death, title your home in a Trust so your chosen beneficiaries can inherit the property more quickly and privately.
 - **Excess Liability/Asset Protection:**
 - Legal Entities should always be listed on the Umbrella/Excess policy to ensure coverage is extended. Part of the estate planning process is ensuring you protect the process and those entities throughout your lifetime.
 - Employment Practices Liability coverage can be added to an Umbrella/Excess policy to protect against wrongful termination suits when employing domestic staff under your personal name. I.e., nanny, au pair, personal assistant.
 - Directors & Officers coverage can be added to an Umbrella/Excess policy to protect you or your spouse who sits on a non-profit board from exposing your personal assets if the board is ever sued.
 - Excess Uninsured/Underinsured Motorist coverage can be added to an Umbrella/Excess policy if your underlying UM/UIM coverage on your Auto policy gets exhausted.



- Liability coverage limits should equate to your overall net worth. The Umbrella/Excess policy is designed to protect your asset portfolio if you are sued from an underlying risk exposure.



Did you know 75% of the world's attorneys reside in the United States, with California and New York being the most litigious states?

Also, California hosted the most reported nuclear verdicts between 2013 and 2022.



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