

Special Form vs. Named Peril

Is your home and personal property covered on a special form or on a named peril basis? Named peril means that the policy insures **ONLY** against the sources of loss (perils) listed in the policy such as fire, earthquake or hail. Special form coverage protects property against any source of loss that is not specifically excluded.

Under named peril coverage, the policyholder may have to prove that a loss was caused by a listed peril. With special form coverage, the burden is on the insurance company. The latter can only deny a claim by proving that the source of loss is ineligible for coverage.

A special form policy is usually best as it offers more coverage than a named peril policy. Here are a few examples of losses where special form coverage made the difference and a claim was paid:

- A battery was left on a hardwood floor. When the battery acid leaked out, it spread to the point that it was necessary to replace a large section of the floor.
- An insured tipped over a bucket containing ammonia. The solution ruined a room's carpeting.
- A deer jumped through a picture window. Before escaping, it went wild, damaging walls and furnishings and bleeding as it ran.
- A washing machine's load became unbalanced. As the washer's spin cycle began, it moved from its position, hit a water heater, poking a hole in the heater's casing and breaking its glass liner.
- An insured was walking on the floor joists of his unfinished attic. The insured slipped off of the joists and fell through the living room ceiling, causing extensive damage.
- A two-year-old boy found a hammer and went on a spree through his parent's house, seriously damaging several plaster walls, a toilet bowl, sink, dressing table and other items.
- A bucket of paint was spilled on an insured's hardwood floors, getting into floor cracks and pores. It was necessary to replace much of the wood.
- Finally, an insured converted his oil furnace to gas without removing the home's oil-input pipe. On its regularly scheduled day, an oil company tanker arrived and pumped 500 gallons of oil into the insured's basement.

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