
This Guide provides important coverage, rating, and eligibility information, as well as ways you may be able to save money on your Homeowners Insurance.

Please carefully review this information, your policy, and your Declaration Certificate to determine if the coverages and limits you have selected best meet your needs, or if those coverages need to be changed in order to reflect changes to your lifestyle, living arrangements, and/or the value of your property.

Your AAA agent will be able to help you with any questions you may have and with any changes you may wish to make.

POLICY COVERAGES

Your home and personal belongings are likely to represent your most important and valuable investments. To safeguard those investments and your financial security, your Homeowners Insurance Policy provides a wide range of protection for you and your property.

Your policy consists of two Coverage Parts. Part I provides coverage against loss or damage to your Dwelling (Coverage A), and any Additional Structures you may have on your premises (Coverage B). It also provides coverage for your Personal Property (Coverage C), and Additional Expenses that you may incur for temporary housing as a result of loss or damage to your Dwelling (Coverage D). Part II of your Policy provides Liability coverages for you and resident members of your family (Coverage E), and Medical Payments to Others (Coverage F).

These coverages, the Limits of Liability that apply to each, and the deductible you have selected are shown on your Policy Declaration Certificate.

Your Homeowners Policy also includes Additional Insurance Coverages that provide protection with varying limits of liability for:

- Additional Living Expenses
- Civil, Governmental, and Military Authorities
- Debris Removal
- Emergency Removal of Property
- Fire Department Charges
- Temporary Repairs After A Loss
- Trees, Shrubs, Plants, and Lawns
- Arson Reward
- Collapse
- Land
- Lock Replacement

TYPES OF POLICIES

AAA Michigan offers several different policy types from which to choose in order to best meet your coverage and financial needs. Our replacement cost Homeowners Dwelling Form, H-3, is designed for the owner-occupant of a house. The Renters Form, H-4, is available to the tenant of an apartment, house, condominium, or room. The Condominium Form, H-6, is designed for the owner-occupant of a condominium or cooperative unit.

H-3 Homeowners Policy:

Traditional Form - This form covers Personal Property for loss caused by a number of different named perils. Coverage for the Dwelling, Additional Structures, and Additional Expenses includes protection against several types of direct physical loss, with certain exceptions.

H-4 Renters Policy:

Contents Broad Form - This form covers Personal Property against loss caused by the same perils as the H-3 Homeowners Policy.

H-6 Condominium and Other Unit Owners Policy:

Condominium Broad Form - This form covers Personal Property against loss from the same perils covering Personal Property under the H-3 Homeowners Policy. It also includes expanded Dwelling Coverage and broadened coverage for Lock Replacement.

OPTIONAL COVERAGES

The Homeowners Policy is designed for the “average” home owner. Although the Homeowners Policy is adequate for most policyholders’ needs, many find that they may need additional insurance protection.

Your AAA agent will work with you to tailor your policy to fit your individual needs with one or more of the following options:

Increased Limits of Coverage For:

- Personal Liability
- Medical Payments To Others
- Personal Property
- Additional Structures on your Property
- Additional Living Expenses
- Dwelling

Expanded Coverages For:

- Business Property
- Personal Property
- Jewelry, Watches and Furs
- Cameras
- Musical Instruments
- Building Codes
- Ultimate Plan
- Green Upgrades
- Building Materials
- Personal Injury
- Fair Rental Income
- Specified Business Pursuits
- Additional Insured Premises
- Sports Equipment
- Theft of Silverware
- Water Damage
- Loss Assessment
- Roof Materials
- Limited Matching of Undamaged Roof and/or Siding
- Home Hosting
- Fire Department Charges
- Electronic Data Restoration
- Landscaping and Yard
- Golf Carts

Scheduled Personal Property - By adding a “Scheduled Personal Property Endorsement” to your Homeowners Policy, you receive deductible-free protection for most losses to the following items you own:

- Business Personal Property
- Cameras and Photographic Equipment
- Coin Collections
- Collectibles
- Fine Arts
- Firearms
- Fishing Equipment
- Furs
- Golfers Equipment
- Jewelry
- Musical Instruments
- Stamp Collections
- Silverware
- Sports Equipment

The type of policy and any optional coverages you select are shown on your Policy Declaration Certificate.

PROPERTY INSURANCE ADJUSTMENT

At each policy renewal, we may increase the Limit of Liability shown on the Declaration Certificate for Coverage A - Dwelling to reflect the minimum amount of insurance coverage we are able to issue for the succeeding policy term under Coverage A - Dwelling for your Dwelling and other property we cover under Coverage A - Dwelling.

Any adjustment in the Limit of Liability for Coverage A - Dwelling may result in an adjustment in the Limit of Liability for Coverage B - Additional Structures and Coverage C - Personal Property and Additional Living Expense, in accordance with our rates and rules on file with the State of Michigan.

Any adjustment in premium resulting from the application of this condition will be made based on premium rates in use by us at the time that a change in limits is made.

We will not reduce the Limit of Liability shown on the Declaration Certificate without your consent. It is your responsibility to ensure that each of the Limits of Liability shown on the Declaration Certificate is appropriate for your insurance needs. If you want to increase or decrease any of the Limits of Liability shown on the Declaration Certificate, you must contact us to request such a change.

CHOOSING PROPER LIMITS

To be properly insured, your Homeowners Insurance Policy Limits must accurately reflect the value of your home, additional structures, and personal property. Here are some tips on how to help make certain that these items are insured to their proper value:

HOME IMPROVEMENTS - After the proper limit for Dwelling protection is initially determined, further adjustments may be necessary to cover increased replacement costs resulting from major remodeling or building an addition to your home. You must notify your AAA agent if and when this occurs.

INVENTORY YOUR PERSONAL PROPERTY - Sometimes, the only way to know what you have is to make a list. Your AAA agent can provide you with a handy Personal Property Inventory Booklet that will help you document your possessions and their value.

RECORD NEW PURCHASES - Major purchases such as new furniture, appliances, or jewelry should be recorded and periodically reviewed to ensure that your Personal Property Coverage remains adequate for your needs.

ADDITIONAL STRUCTURES - The value of all structures not attached to your house, such as garages, sheds, decks, and swimming pools, should be determined to make sure that your policy limits are sufficient to cover the cost to replace such structures in the event of a loss.

SPECIAL LIMITS ON CERTAIN PERSONAL PROPERTY - The policy places limits on certain types of property, such as theft of recording or storage media while property is away from the residence premises, trading cards, watercraft, trailers, motorized land vehicle parts not attached to or located in or upon any motorized land vehicle, firearms, jewelry, furs, goldware, silverware, pewterware, platinumware, tools, and property used or intended for use in a business. Be sure to read the policy and compare the limits to the value of these items that you may own. In many cases, you can purchase increased coverage for an additional premium.

RATING INFORMATION

ESSENTIAL INSURANCE:

Homeowners insurance in Michigan is regulated by the Department of Insurance and Financial Services under the terms of the Essential Insurance Act. The intent of the Essential Insurance Act is to ensure that affordable homeowners insurance is available to all eligible Michigan residents. All companies offering homeowners insurance in Michigan must comply with the Essential Insurance Act. In accordance with the Essential Insurance Act, the Auto Club Group Insurance Company's rules and rating plans provide fair and equitable treatment to all of our policyholders.

WHY RATES ARE DIFFERENT:

Several factors affect the amount you pay for your homeowners insurance coverage. These include:

1. **Location** - Your premium is influenced by where you live. Metropolitan and suburban areas are more densely populated, which usually results in a higher frequency of loss. This, combined with higher expenses for home repairs, legal defense, and medical care, usually results in higher premiums for policyholders in metropolitan and suburban areas.
2. **Fire Protection Class** - Your Fire Protection Class is based on your area's water supply, your local fire department's ability to respond to a fire, and the fire loss experience in your area. Living in an unprotected area will usually result in higher premiums for policyholders than living in a well-protected area.
3. **Policy Limits** - The higher your policy limits, the more you will pay for your homeowners insurance.
4. **Deductibles** - The deductible amount you select will affect your premium. The higher the deductible, the lower your premium will be.

5. **Type of Construction** - The type of construction materials used to build your Dwelling will also affect your premium. Currently, loss frequency and severity for frame Dwellings exceed that of masonry Dwellings; therefore, insurance premiums for frame Dwellings are higher than insurance premiums for masonry Dwellings.
6. **Loss History** - Claims that occurred under the Named Insureds' prior insurance policy, as well as claims that occurred under the current policy, affect your premium.
7. **Optional Coverages** - The type and amount of additional coverages you choose also affect your premium.
8. **Other Home Characteristics** - Specific characteristics about your home can also affect your premium. These characteristics include:
 - Year built
 - Residence type
 - Information about your roof
 - Heating information
 - Safety devices (such as fire and burglar alarms, smoke detectors, fire extinguishers, deadbolts, etc.)
 - Existence of pools or trampolines
 - Square footage, including the number of stories and rooms in your home
 - Garage
 - Fireplaces
 - Basement type
 - Unit floor number
 - Number of units (H-6 only)
9. **Other Policy Characteristics** - Other policy and household information that also impacts premium includes:
 - Auto Club Group home tenure
 - Your prior insurance
 - Presence of smokers
 - Number of occupants and dogs living in your home

WHO QUALIFIES

Most people who own or rent homes are qualified to apply for and maintain homeowners insurance protection. However, the Auto Club Group Insurance Company must refuse or discontinue your homeowners insurance under any of the following circumstances:

1. Your policy effective date is more than 60 days in the future.
2. Your Dwelling is a travel trailer, camper trailer, or a mobile home.
3. Your Dwelling is being used for illegal or demonstrably hazardous purposes.
4. Coverage A below \$35,000 without Modern Construction Value Endorsement or \$15,000 with Modern Construction Value Endorsement (H-3).
5. Coverage A below \$1,000 and Coverage C below \$20,000 (H-4).
6. Coverage A below \$20,000 and Coverage C below \$20,000 (H-6).
7. You do not live in the home you insure with us.
8. Your Dwelling is a commercial or mercantile building. This includes commercial or mercantile buildings that have been converted for residential purposes that have physical conditions that clearly present an extreme likelihood of significant loss under the policy.
9. Your Dwelling is left unoccupied for more than 60 consecutive days or you intend to vacate or keep the premises vacant or unoccupied.

10. Your Dwelling contains more than four family units.
11. Your Dwelling has more than two roomers or boarders per family unit.
12. Owner-occupant or tenant has been denied, within the immediately preceding five-year period, payment of a homeowners insurance claim based on evidence of arson, fraud, or conspiracy to commit fraud.
13. Owner-occupant or tenant has been convicted, in the immediately preceding five-year period, of arson, conspiracy to commit arson, or any other arson-related crime.
14. You refuse to insure your Dwelling to at least 80% of replacement cost without Modern Construction Value Endorsement or below 100% of Market Value with Modern Construction Value Endorsement (H-3).
15. There is a physical hazard adjacent to your Dwelling, if the hazard presents a significant risk of loss directly related to the perils insured or to be insured against for which a rate surcharge is not applicable.
16. Your Dwelling has a physical condition that does not comply with national, state, or local housing and safety code, a manufacturer's specification, or standards of similar specificity.
17. Your Dwelling is used as an adult day care or for any other similar purpose involving continuous care for compensation, excluding child daycare.
18. Your Dwelling is used as a child daycare and you have any of the following: unlicensed daycare, pool/hot tub, trampoline, care of six or more children, employees, or dogs.
19. Your Dwelling shows physical conditions that clearly present an extreme likelihood of significant loss.
20. A liability claim exists arising out of your negligence.
21. You have had three or more paid claims in the preceding three years totaling the dollar amount specified in the last Department of Insurance and Financial Services Director's Bulletin adjusting the dollar figure.
22. You have had one or more paid claims from dangerous dog or domestic animal-related injury in the preceding three years.
23. Failure to correct a physical condition that presents a clear risk of significant loss, or is related to a paid claim under a homeowners policy after written notice from the Company.
24. Any Dwelling in which a replacement cost cannot be determined through our Replacement Cost Estimating (RCE) tool. Examples include: Earth homes, geodesic homes, dome homes, etc.
25. Your Dwelling is rented to others in excess of four weeks annually (H-3), 30 days annually (H-4), four weeks annually - short term (H-6), and nine months annually - long term (H-6).
26. Your Dwelling is considered a farm property, unless all produce and/or products are for your personal consumption.
27. You have real property taxes with respect to the Dwelling insured or to be insured that have been and are delinquent for two or more years.
28. Your Dwelling is under construction and it is not intended to be owner-occupied upon completion, not intended to be your primary residence, located in ISO Protection Class 10 or 10W, being constructed by other than a licensed professional contractor, not written at 80% replacement cost, endorsed on a policy in excess of 365 days, speculation properties owned by builders, contractors, or real estate agents, or agencies and Coverage E in excess of \$300,000.
29. You fail to obtain or maintain an Automobile Club of Michigan membership.
30. You have one or more incidents involving a threat, harassment, or physical assault by the insured or applicant for insurance on an insurer employee, agent, or agent employee while acting within the scope of his or her employment, if a report of the incident was filed with an appropriate law enforcement agency.

YOUR RIGHT TO APPEAL

If you do not agree with our rule or rate filings, you may write to the Department of Insurance and Financial Services and ask for a hearing.

You may also appeal if you think that we have wrongfully denied you insurance or charged you more than we should have. Upon request, we will provide copies of all information that caused us to deny or cancel your insurance.

To start your appeal, call your AAA agent and ask for an explanation.

If you still do not agree or want more information, write to: Insurance Regulatory Complaint Resolution, 1 Auto Club Drive, Dearborn, Michigan 48126. In your letter, state that you would like to appeal our decision concerning your insurance. Please provide your name, address, policy number, and phone number.

Within 30 days of our receipt of your letter, you will be called by an Insurance Regulatory Complaint Resolution representative. They will ask you to contact your AAA Michigan Branch Office to schedule an informal management conference. If this is not held within 30 days, or if you are still not satisfied after this conference, you can appeal to the Department of Insurance and Financial Services.

Upon request, the Commissioner will hold a hearing on the case.

IN CASE OF A LOSS

1. As soon as possible, call 1-800-AAA-MICH to report your claim. We are available 24 hours a day, 7 days a week.
2. Make necessary and reasonable temporary repairs to protect property from further damage.
3. Make a detailed inventory of all damaged, destroyed, and/or stolen property.
4. Provide documentation that we may reasonably request, such as bills, invoices, and accounting records.
5. In case of theft, notify the police.
6. Save all receipts and keep an accurate record of any repair expenses.

Please refer to your Policy Conditions for additional details on what you must do after a loss.

MONEY-SAVING TIPS AND DISCOUNTS

We offer many discounts, which are listed below:

AAA MEMBERSHIP DISCOUNT

An AAA Membership Discount may be available based on your AAA membership tenure at the new business inception of your policy.

ADVANCE PURCHASE DISCOUNT

A discount may be available based on the number of days in advance your policy is bound by your agent before the policy new business effective date.

EFT DISCOUNT

A discount may be available when your policy is set up using Electronic Fund Transfer (EFT) as the method of payment.

NEW HOME BUYER OR EXTENDED HOME BUYER DISCOUNT

A discount may be available when you are the original owner of the Dwelling and the calendar year of the new business effective date is within one year of the purchase or completion date of the Dwelling or the calendar year of the effective date is within five years of the purchase or completion date of the Dwelling.

PAPERLESS DISCOUNT

A discount may be available when you choose to receive documents electronically.

PAYMENT DISCOUNT

A discount may be available based on your number of mortgages, payment type, and cancellation notices within the last 12 months.

PRIOR INSURANCE DISCOUNT

A discount may be available based on the type of home insurance and the number of years you were with your prior homeowners insurance carrier.

RETIRED HOMEOWNERS DISCOUNT

A discount may be available if one or more of the Named Insureds is aged 55 or older and is not presently

gainfully employed full-time or actively seeking full-time gainful employment.

ROOF AGE VERIFICATION DISCOUNT

A discount may be available when the roof age is verified with proper documentation.

SAFETY DEVICE DISCOUNT

A discount may be available based on the fire, theft, and water safety devices installed in the insured Dwelling.

SMOKE FREE DISCOUNT

A discount may be available when no occupant of your Dwelling smokes.

CLAIM FREE DISCOUNT

A discount may be available for being claim-free while maintaining continuous coverage for at least one year. The discount is based on the number of claim-free years.

FORTIFIED HOME DISCOUNT

A discount may be available if your Dwelling is certified as fortified for safer living by the Institute for Business and Home Safety (IBHS).

HAIL RESISTANT ROOF DISCOUNT

A discount may be available for the installation of a hail-resistant roof.

DEDUCTIBLES

You can lower the premium you pay by increasing the size of your deductible.

MULTIPLE PRODUCT DISCOUNT

A discount may be available for members who insure their homes and also maintain auto and/or life insurance with AAA Michigan-affiliated companies.

PREMIER DISCOUNT

Premiums may be reduced if a named insured(s) credit-based insurance score exceeds established thresholds.

FRAUD NOTICE

Under Michigan law, a fraudulent insurance act includes acts or omissions committed by a person who knowingly presents any statement that contains any false information concerning any fact material to an application for insurance or claim for payment under the policy. A person who commits a fraudulent insurance act is guilty of a felony punishable by imprisonment for not more than four years or a fine of not more than \$50,000 or both.

NOTICE OF INSURANCE UNDERWRITING AND RATING INFORMATION PRACTICES

As part of our normal underwriting process, we rely upon various consumer reports to verify the accuracy of information and to determine qualification for our lowest possible rates. These reports may include information from consumer reporting agencies regarding Dwelling characteristics, prior claims, and consumer credit. Under certain circumstances, we may also disclose information we collect to third parties. You will be notified whenever information from a consumer reporting agency results in an adverse action.

Your AAA agent can provide specific information about reports ordered, the results obtained, and the effect they have on your insurance.

Please contact your AAA Agent shown on your Declaration Certificate if you have any questions. He or she can also provide additional information to help you decide which coverages best meet your individual needs and can assist in making any changes that may be necessary as a result.

The descriptions in this brochure are not exhaustive. All coverages are subject to the limits of liability, exclusions, conditions, and other terms of the policy and endorsements.