



Minnesota Homeowners Insurance Guide

Because of the way laws come into being, many state laws regarding homeowners insurance share much in common with those of other states. But each state has its own specific homeowners insurance laws, and concerns. In Minnesota, for example, it isn't called homeowners insurance at all, but rather **home insurance**. And because Minnesota is known not only as the North Star State but as the Land of 10,000 Lakes, flood insurance is carried by a great many homeowners here.

With dramatic changes from season to season, anyone who owns a home in Minnesota should carry a level of coverage which leaves you not only feeling secure, but which will protect most consumer's largest investment: your home. You should seek coverage that provides your home with more than the minimum industry standards. Think of the minimums offered by an insurer as little more than a place to start: protecting your residence and your way of life are worth the best level of coverage you can afford especially in a state with so much seasonal weather.

Minnesota Home Insurance Laws

In the North Star State, you have many choices in the kinds of coverage you may want to carry. And if your home carries a mortgage, your lender will have specific insurance requirements which you will need to follow to be in compliance with your mortgage agreement.

But in general, residential coverage falls into two general categories: Actual Cash Value coverage and Replacement Cost coverage.

Actual Cash Value Coverage

Actual Cash Value Coverage pays the **fair market value** of the dwelling up to a contracted policy limit, minus the deductible. The way the fair market value is determined is by an appraisal based on comparisons to other homes of a similar nature, minus the value of the land on which the home is built. Coverage for homes under actual cash value coverage policies are limited to a specific amount, regardless of appreciation in value of the home.

Replacement Cost Coverage

Replacement Cost coverage can be more expensive up front than Actual Cash Value policies, but they also often result in payments more in line with homeowner's expected payouts, also minus the stated policy deductible. The intention here is to cover whatever amount it may cost to replace the home and its contents.



Additional Endorsements to Consider

Endorsements offer additional protection not included in the average home insurance policy. Among them are:

- **Personal Property**
While most policies cover a certain level of personal property in a home, an endorsement will allow a homeowner to ensure personal items to a higher level. This is especially desirable for those with an in-home business.
- **Additional Living Expense**
Should your home be destroyed, this insurance lets you maintain your normal standard of living.
- **Flood Insurance**
This is particularly important if your domicile is located in a floodplain.
- **Renters Insurance**
This insurance covers the loss of personal property and loss of use of the rental unit due to fire and may include liability and medical payments coverage.
- **Condo Insurance**
This insurance covers personal property and improvements to the individual condominium.
- **Mobile Homes**
A few companies offer this coverage for mobile homes used as a permanent residence.

Regardless of Minnesota's minimums regarding home insurance, you would be wise to invest in a policy that protects your investment. If you have more questions about how much coverage you need or the ins and outs of insuring a home in Minnesota, you can review the [official State of Minnesota's insurance guide](#) for more detailed information. Or contact a Minnesota home insurance professional.