What does home insurance not cover?

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Your home is probably your biggest investment — that's why you have homeowners insurance to protect it.

While your policy covers many things, it does not cover absolutely everything bad that could happen to your home.

We'll explain the major things home insurance does — and does not — cover.

What home insurance does cover

There are several different types of home insurance policies, mainly differentiated by whether you own or rent your home or live in a condo or co-op.

A standard homeowners insurance policy generally covers:

- **Dwelling:** Home insurance policies cover the actual structure of your home and detached structures like a gazebo, garage, pool house, shed, or guest house.
- **Personal belongings:** These are the things in your dwelling or with you, like clothes and furniture.
- **Liability:** The liability protection included as part of a home insurance policy will cover you if someone sues you for an injury that occurs on your property or something you or a family member causes. In this case, most pets are also covered. The policy will also cover medical bills for someone who is hurt.
- **Additional living expenses:** If your home is damaged and you can't live there, your homeowners insurance will pay for a hotel, rental home, restaurant bills, and some other expenses while rebuilding or repairing happens.

In order for most home insurance coverage to kick in, the damage must have been by caused one of 16 perils or disasters.

1. Fire or lightning
2. Windstorm or hail
3. Explosion
4. Riot or civil commotion
5. Damage caused by aircraft
6. Damage caused by vehicles
7. Smoke
8. Vandalism or malicious mischief
9. Theft
10. Volcanic eruption
11. Falling object
12. Weight of ice, snow, or sleet
13. Burst pipe or water heater when the cause is sudden and accidental
14. Sudden cracking or breaking of a hot water heater, air conditioner, or fire sprinkler.
15. Freezing of a plumbing, heating, air conditioning, or fire-protective sprinkler system, or of a household appliance.
16. Power surges

12 things a home insurance policy does not cover

On that list above, you probably noticed some things are missing that can cause considerable damage to a home.

These are the things homeowners insurance does not cover.

A flood or rising water

While a traditional homeowners policy covers water damage caused by a frozen pipe, it does not cover damage caused by a flood or rising water.

If you’re concerned about your house flooding or you live in a flood zone and your mortgage company requires it, you can buy a flood insurance policy from the National Flood Insurance Program. The Federal Emergency Management Agency (FEMA) manages the program and coverage is available through a variety of companies.

Water or sewer backups

Home insurance policies also will not usually cover water that back up from sewers, drains, sump pumps, and things like that causing water damage. Flood insurance policies probably won’t kick in either.

An add-on to your policy (also called a rider or endorsement) can protect you from this type of disaster.

Earthquakes

Damage from earthquakes or earth movement is usually not covered with a standard homeowners policy, but additional earthquake insurance coverage is available. With these policies, the deductible is usually a percentage of the amount of total coverage, not a set amount.

Damage due to neglect

If you don’t maintain your home properly and something bad happens, chances are you’ll be on the hook for the damage.

Mold, termites, or other pests

Damage from mold or other fungi, and infestations of termites or other pests are also not covered since most homeowners insurance policies consider these the result of a lack of maintenance.

But there’s a chance your policy would cover damage from a burst pipe (which would be a covered peril) that leads to mold growth.

Specific coverage for mold damage and remediation is available as an add-on to most policies.

Cars

If someone in a car causes damage to your property, that person's auto insurance company should be the primary source of payment to repair the damage. If the driver is not insured or underinsured, your home insurance policy might kick in.

If someone steals something from your car like your pricey golf clubs or other personal items, your homeowners policy might provide coverage.

Now, if something damages the car while it's parked in the garage or driveway, most likely it will be the comprehensive coverage part of your car insurance that will pay for the damage, not your homeowners insurance.

Aggressive dogs

According to the Insurance Information Institute, the average cost of a dog bite claim was $58,545 in 2023.

While most homeowners policies include coverage for pets if they should injure someone or damage something outside of your home, the coverage has limitations.

Some dog breeds are excluded from coverage, as are some exotic pets and farm animals.

The dog breeds that homeowners policies exclude differ from insurer to insurer but often include pit bulls, rottweilers, and German shepherds. Sometimes, a carrier can deny coverage for things like medical expenses even if the dog breed is not usually considered vicious, especially if the dog has already bitten someone.

Home businesses

Working from home and having a home-based business is certainly convenient, but the items you need for your business might not be covered under your home insurance policy.

Homeowners insurance coverage usually covers a limited amount of personal property you might use for a business like a desk. But if you have expensive electronic equipment, samples, or inventory, you should add a rider to your policy to cover your home business and business property.

Other options are an in-home business policy or a business owner policy, which are separate policies.

As for liability, the coverage that comes with a homeowners policy is for personal liability, not business-related liability.

Identity theft

If someone steals your personal information and causes financial damage or commits crimes in your name, your homeowners insurance will likely not cover the damage.

Some companies offer endorsements to an existing policy or separate policies to cover damage from identity theft and restoration of your identity.

Sinkholes and catastrophic ground collapse

This is a gray area. Many home insurance policies specifically exclude coverage for sinkholes and catastrophic ground collapse, while at least one state requires some kind of coverage.

For example, Florida requires insurers to include catastrophic ground collapse coverage. This is not the same as sinkhole coverage, which is available as an endorsement.

Trees

If a tree falls in a forest, does homeowners insurance cover it? Sort of.

If a fallen tree hits a home or another structure covered by your homeowners insurance, the policy would cover the damage. It doesn't even matter who owns the tree. The policy should probably also pay for the removal of the tree.

Your home insurance might even pay to replace damaged trees and shrubs if the damage happened during a covered event like a windstorm.

The "sort of" part comes in if the fallen tree does not damage anything or block anything, like a driveway or access to the home. In that case, insurance would probably not cover the removal of the tree.

Intentional damage

The liability coverage included in a home insurance policy does not cover intentional acts. For example, if during a fight you push someone down the stairs and they are injured, your policy will most likely not pay the medical bills related to the injury or a lawsuit.

The same goes if you break a neighbor's priceless vase on purpose.

War

Most home insurance policies exclude damage from war, nuclear hazard, or government actions.

Acts of terrorism might be covered if the damage is due to a covered peril like a fire.

How to read your insurance policy

The information that comes as part of a home insurance policy can be lengthy and a bit confusing.

There are some important things to make sure you understand.

Know and understand your coverage limits

There's something called the 80% rule. It means you should insure your home for at least 80% of what it would cost to replace your home and everything in it. If you don't and the house is damaged, you might not have enough insurance to cover the amount of the claim.

Most lending companies require home insurance policies to cover at least the amount of the mortgage.

Personal property coverage is usually less than the dwelling coverage limit and most policies have a cap on how much they will pay for loss of use. They also limit personal liability to a certain amount. These numbers are specifically listed on the policies declarations page.

Understand all exclusions

Make sure you understand what is not covered by your policy and consider any additional riders or endorsements you might need or want.

For example, if you live in an earthquake-prone area, you might want an earthquake endorsement. The same goes for a humid area where mold might be a problem.

Also, remember flood coverage is not part of a standard home insurance policy. If you want coverage or you lender requires it, you will need a separate policy.

Actual cash value vs. replacement cost

Home insurance policies have three types of general coverage: actual cash value, replacement cost, or guaranteed replacement cost.

- **Actual cash value:** The insurance will pay to replace or repair the home and its contents minus a deduction for depreciation.
- **Replacement cost:** The policy will pay to replace or repair without a deduction for depreciation, but you will probably need receipts for items.

- **Guaranteed or extended replacement cost:** This means the policy will pay whatever it costs to repair or rebuild your home, even if it is more than the policy limit.

Make sure you understand what your homeowners policy covers and what it does not cover before you need to make an insurance claim.

You can always add additional coverage like a rider, increase coverage, or buy additional policies before a peril happens.