

INSURANCE MATTERS

A Newsletter for Delawareans

January 2025

WHAT TO KNOW ABOUT FIRE INSURANCE



What is fire insurance and how does it work?

Fire insurance helps cover the costs of repairing damage to your home and other structures on your property caused by a fire. It also includes coverage for replacing or repairing personal belongings like furniture, clothing, and other items damaged in the fire.

Does homeowners insurance cover fires?

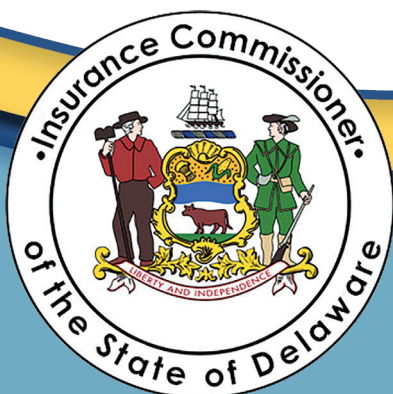
Yes, most standard homeowners insurance policies typically include fire insurance as part of their coverage.

Fire insurance doesn't just pay for damage caused directly by flames. Fires often result in significant smoke damage, which can affect walls, furniture, and other belongings. Standard homeowners insurance generally covers this type of smoke damage as well.

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Trinidad Navarro
Insurance Commissioner
Delaware Department of Insurance
1351 West North Street, Suite 101
Dover, DE 19904

WHAT TO KNOW ABOUT FIRE INSURANCE



Can I buy fire insurance for my home?

These policies are usually called dwelling fire coverage. They include protection against fire, smoke, explosions and sometimes wind. Wind can cause fire damage to spread quickly, sometimes to nearby homes. Dwelling fire coverage usually costs less than standard homeowners insurance because it doesn't cover as many types of damage.

You might need to buy separate fire insurance instead of traditional home insurance to insure a very old home that isn't built to stand up to fires. Or you might need to buy a policy for a vacation home, which can sometimes be difficult to insure.

If your house burns down what does your insurance cover?

- Candles
- Gas Leaks
- Power Surges
- Cooking and Grease Fires
- Heating Elements
- Wildfires
- Electrical Fires
- Lightning Strikes

What types of fires aren't covered by insurance?

Insurance companies may not pay for damage caused by an improperly cleaned chimney and other types of homeowner neglect.

For example, if you don't clean your dryer vents regularly and the built-up lint causes a fire, the insurance company may not pay for repairs.

Does homeowners insurance cover arson?

Home insurance may cover arson if you're the victim. In this situation, arson is a type of vandalism, which home insurance typically covers.

However, your insurance company won't pay for arson damage if you started the fire.

Will insurance cover a house fire started by a cigarette?

Your home insurance policy will usually cover a fire started by a cigarette as long as it was an accident. Most insurance policies don't cover damage if you intentionally started the fire.

Your company may not pay your claim if it believes you were negligent in cleaning up your cigarettes, which caused the fire.

Did you Know?

Climate change can lead to insurance risks

The increasing frequency and intensity of extreme weather events—ranging from wildfires in the U.S. to record-breaking heat waves in Europe and devastating floods in Japan—has placed greater regulatory attention on the intersection of climate change and insurance risk. A U.S. federal regulator even compared the potential economic impact of climate change to the 2008 financial crisis, underscoring its severity.

As losses from climate-related disasters grow, U.S. state regulators and lawmakers are increasingly concerned about how the insurance industry is responding to these challenges.

Insurers can no longer afford to ignore or delay addressing the effects of climate change on their underwriting, pricing, investment strategies, and overall profitability.

Enhanced transparency through improved disclosures could be a crucial step in helping regulators evaluate how effectively insurers are mitigating climate-related risks. This increased focus on disclosure may also lay the foundation for stronger climate risk regulations moving forward.



As the climate changes so do your insurance companies

Finding a balance between ensuring affordability and availability and managing financial stability may get tougher for insurers if extreme weather conditions continue to escalate. Insurers should focus on:

- Fortifying their assessment of climate-related risks while taking long-term actions to alleviate and mitigate such exposures.
- Using a holistic approach toward managing climate-related risks by integrating them as a part of their enterprise risk management efforts.
- Taking steps to better demonstrate their climate readiness to regulators, analysts, and customers. These actions can help both insurers and regulators create a more level playing field and a stable market for all stakeholders involved.

ASK THE COMMISSIONER

Staying Safe with Cybersecurity

As we navigate the ever-evolving digital landscape, cybersecurity has become a cornerstone of safeguarding Delaware's consumers and businesses. At the Delaware Department of Insurance, we understand that you not only understand the risks posed by cyber threats but also have the tools and resources to protect yourself in an increasingly connected world.

Delawareans rely on digital platforms for banking, shopping, healthcare, and insurance services. These conveniences come with risks, as cybercriminals continually seek opportunities to exploit vulnerabilities in systems and personal habits. A single breach can result in financial loss, identity theft, and a diminished sense of security.

For insurance companies, the stakes are even higher. Cyberattacks can compromise sensitive policyholder information, disrupt critical services, and create significant financial liabilities. This is why the Department of Insurance is actively working to ensure that insurance providers maintain robust cybersecurity measures to protect your data.

If something seems too good to be true, you should always take precautions first. You can always contact us at 302-674-7300 for more information on possible insurance scams online.



Trinidad Navarro
Delaware Insurance Commissioner

Main Office
1351 W North St
Suite 101
Dover, DE 19904

Georgetown Office
28 The Circle, Suite 1
Georgetown, DE 19947

Wilmington Office
Rockwood Office Park
503 Carr Rd.,
Suite 303
Wilmington, DE 19809

The consumer comes first.

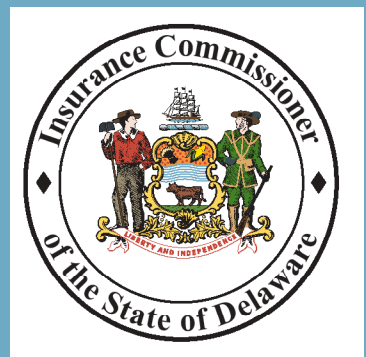
Our office is here to help if you have questions about or problems with your insurance coverage or insurance company.

Questions about insurance or complaints about an insurance company or insurance agent can be made to the Consumer Services Division by phone, by fax, by letter, by email or with an online complaint form.

Phone: 302-674-7300

Fax: 302-739-6278

consumer@delaware.gov



Our Mission

Protecting Delawareans through regulation and education while providing oversight of the insurance industry to best serve the public.