

If you own a rental property, then you probably have rental property insurance on the house itself. You may have set this up in a hurry when you realized that you were keeping the home instead of selling it, or you may be a landlord with multiple properties with a more measured and considered approach. Either way, one of the considerations that you need to take some time with, is which dwelling fire insurance form you purchase when you insure your rental house property. Too many landlords just assume that the property coverage on their rental property is the same as that on their [homeowners insurance](#) with which they tend to have more familiarity, but this is not true. Dwelling fire insurance for rental property is almost always more restrictive than homeowners insurance so it is important to understand the differences before a claim occurs.

Dwelling fire insurance in NC is generally written on one of three different forms, called the DP-1, DP-2, or DP-3 form. Each successively higher form provides broader coverage in terms of which types of perils are included with DP-1 being the most basic coverage form and DP-3 being the most advanced. While I urge you to read your policy carefully to be sure that you have the insurance that you need and want, this blog will give you an overview of the different types of forms available in North Carolina so that you can begin your discussion with your insurance agent from a semi-informed point of view. Please note that this discussion centers on the perils for each form as regards the dwelling itself and we are not focused here on the perils that may apply to personal property within the house.

Let's start with a quick look at the DP-1. After that, each successive form will build on the others so you can get a quick overview of the increasing protection provided by each form. The DP-1 is often referred to as the basic form. This form will provide coverage to your rental property for the following types of perils: Fire or lightning, Internal Explosion, Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft Damage, Vehicle Damage, Smoke Damage, and Volcanic Eruption. You may also, for an additional premium, add protection for Vandalism and Malicious Mischief.

Now let's take a look at the DP-2 form in NC. We can start with all of the perils insured against in the DP-1 form and then add the following additional perils: Damage Caused by Burglars, Falling Objects, Weight of Ice Sleet or Snow, Accidental Discharge or Overflow of Water or Steam, Sudden and Accidental Tearing Apart Cracking, Burning or Bulging, Freezing, and Sudden and Accidental

Damage from Artificially Generated Electrical Current. As you can see, this form has broadened the list of possible perils that may occur to your rental property.

Now, for our discussion of the DP-3 form, we have to take a different approach. The DP-3 form is much closer to the homeowners 3 from that so many people are familiar with in North Carolina. This is because, unlike forms DP-1 and DP-2 which spell out which perils are insured, the DP-3 form says all perils are covered unless they are specifically excluded. This requires you to read the form with a bit more creativity. Now, instead of focusing on the perils covered section of the policy form, you really need to read the exclusions section of the policy language to see what is not covered. You will need to read the form in detail to discover all of the excluded perils, but here is a short list of some of the exclusions: Water Damage, Collapse, Wear and Tear, Smog, War, Nuclear Explosion and many others.

Now that you have a brief overview of the differences in the insured perils in the 3 different NC dwelling fire insurance forms, you can have a better idea of what type of [insurance policy you want to purchase for your rental house](#)

. The higher the form number, then the broader the coverage will be and of course, the higher the cost of the insurance. Take the time to review the insurance policy on your rental property to be sure that it provides the protection that you want and expect.

At Clinard Insurance Group, in Winston Salem, NC, we want all insurance buyers to be educated consumers. If we can help you with your rental property insurance policy, please feel free to call us, toll free, at 877-687-7557 or visit us on the web at www.ClinardInsurance.com .