Plain-English Homeowners Policy Guide

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The five terms that decide your payout

Most disputes come down to a handful of provisions. Here they are without the legalese.

ACV vs. RCV

Actual Cash Value (ACV) is replacement cost minus depreciation for age and wear. Replacement Cost Value (RCV) is what it costs to replace the item or repair the damage today, with no depreciation deducted.

On a replacement cost policy, the carrier usually pays ACV first and holds back the depreciation. You recover that holdback after the work is done and documented. If you never submit the completed-work paperwork, the holdback stays with the carrier.

Additional Living Expense (ALE)

ALE pays the extra cost of living elsewhere while your home is unlivable: hotel or rental, meals above your normal grocery spend, laundry, storage, pet boarding, and extra commuting. Keep every receipt, and do not let ALE be cut off before the home is genuinely habitable.

Ordinance or Law / code upgrades

When a damaged home is rebuilt, current New York building code may require upgrades the original construction did not have — electrical, insulation, egress, or structural work. Ordinance or Law coverage pays for that, usually as a percentage of the dwelling limit. It is a separate coverage and frequently left out of a carrier's first estimate.

Sub-limits and special categories

Category	Typical policy treatment
Jewelry, watches, furs	Often capped a few thousand dollars for theft
Cash and precious metals	Very low flat limit
Firearms, silverware, collectibles	Category-specific caps
Business property in the home	Small limit unless endorsed
Water backup of sewers or drains	Only if the endorsement was purchased
Mold remediation	Frequently capped by endorsement

How to read your declarations page

- ☐ Coverage A (dwelling), B (other structures), C (contents), D (loss of use) limits.
- ☐ Whether Coverage C is ACV or RCV.
- ☐ All deductibles, including a separate hurricane or windstorm percentage deductible.
- ☐ Every endorsement number listed — those change the base policy.

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