

Helpful Tips for Buying Homeowners Insurance

From Art Glasgow, Peck-Glasgow Agency

The home buying process requires a great deal of time and energy. It is important to make the right decisions, leading up to the purchase of your home. One of the final decisions in the process is selecting the right homeowners insurance policy.

Homeowners insurance will protect your property, whether it is located in the rural area or a condo in the city. Homeowners insurance will not only cover a home structure, it can cover the contents as well. Liability coverage is also included should someone be injured on your property.

One thing that homeowner insurance does not cover is damage resulting from floods. So if your home is located in an area vulnerable to rising water or flooding, ask your insurance agent about how you can purchase flood insurance.

Homeowners insurance is a significant cost associated with home ownership. Policies are not “one size fits all”! Because everyone’s needs are not the same, contact an Independent Insurance Agent to help you assess your needs so you can choose the insurance policy that is right for you. Here are a few things to consider when purchasing a home and insuring that home:

1. **Buy your home and auto insurance policy from the same insurer.** Some companies that sell homeowners, auto and liability insurance will take 5 to 15 % off your premiums if you buy two or more policies from them. But make certain this combined price is lower than buying the different coverages from different companies.
2. **Find out your Insurance Company’s AM Best Rating.** In today’s economic environment, financial soundness and stability is very important. You need to feel confident your Insurance Company will be there when you need them. An A+ rating is preferable.
3. **Know the distance to the nearest fire hydrant from your home.** The insurance company has to weigh many factors in determining a premium charge for your policy. If your home is located in a rural area, access to water as well as the dependability and nearness of your local fire department is very important. Rural homes that are more than 5 miles to a fire department and over 1000 feet to a fire hydrant are more at risk for severe damage from fire and lightning. Therefore, they can be more expensive to insure.

4. **Maintain a good credit history.** Establishing a good credit history can cut your insurance costs. Insurers are increasingly using credit information to price homeowners insurance policies. Protect your credit standing by paying bills on time; don't obtain more credit than you need and keep credit balances as low as possible. Check your credit on a regular basis and have any errors corrected, promptly.
5. **Check for utility updates.** For homes over 25 years old, please check for utility updates such as roofing, plumbing, central electrical and heating & cooling systems. Electrical systems that utilize a fuse box need to be updated to breaker boxes. Old galvanized plumbing pipes are prone to rupture. PVC and copper piping updates are preferred. These are common updates that insurers look for. Some even provide discounts for the updates.
6. **Ask for Available Discounts.** Discounts can lower your premium. Typical discounts are multi-policy, new home, new purchase, group, home security, and utility update. Mature discounts for those over 55 may decrease your premium 15-20%.
7. **Raise your deductible.** Deductibles are the amount of money you have to pay toward a loss before your insurance company starts to pay a claim. The higher the deductible, the more money you save on your premiums. Today, most insurance companies recommend a deductible of at least \$500, with \$1,000 and \$2,500 saving you even more.
8. **Avoid risks that insurers shun.** Insurers are shying away from some risks. For instance, owning certain types of dogs (Rottweiler, Doberman Pinschers, Pit Bulls) can limit or void your policy. Owning a swimming pool or a trampoline can increase your cost of coverage.
9. **Get replacement cost coverage.** Actual cash value coverage reimburses you for the cost of your property at the time of the claim, minus the deductible. This can result in a lower claim payout than you expect. If your TV is worth \$500, for example, that is all that you would get to buy a new one. The upfront cost is greater, but you are more likely to receive accurate compensation for your possessions. Replacement cost coverage would reimburse you for the actual cost of replacing the TV, less any deductible.

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