

Homeowners Insurance— Don't Forget The



A guide to protecting your home and personal possessions

Are you buying insurance on a new home, selling a home or just wanting to gain a better understanding of the factors that affect your ability to get and keep affordable homeowners insurance? This self-guided tour is meant to provide you some of the major keys to how homeowners insurance works, help you avoid common pitfalls and offer some ways you can save money. *Come on inside...*

Welcome! When you're buying a home, you need to put insurance on the top of your "to do" list. Most lenders won't provide a mortgage without homeowners insurance coverage, so work with your insurance company or agent, together with your Realtor, to help you move into *and* protect your dream home.



Know what your homeowners insurance covers.

- Typically covers damage from fire, windstorm, hail, water damage (excluding flooding), riots, explosion, as well as other sudden and unexpected losses, i.e. theft and the extra cost of living elsewhere while your home is repaired or rebuilt.
- Your legal liability (up to policy limits) if you, members of your family or even your pets hurt other people or their property, not just in your house, but away from it.
- **Do annual insurance policy “check ups” to keep up with local building costs, home remodeling and inventories of personal belongings.** Make sure that you have updated insurance to rebuild or repair your home for what it would cost in the current building market. Accurate inventories of personal possessions make for faster and smoother claims' settlements. Photos and videos offer easy ways to document your stuff. Sample inventories are available at www.rmiia.org.

Key Consumer Tip

Understand what is and isn't covered by your homeowners insurance policy to ensure that you are able to rebuild your home and replace your personal belongings.

2

Know the factors that affect your homeowners insurance cost and policy renewal.

- The square footage of the house and any additional structures, such as a detached garage.
- Building costs in your area.
- The type of construction, materials, and features on your home, including the roofing.
- Crime rates in your neighborhood.
- The likelihood of damage due to a disaster, such as a wildfire, hail or wind.
- Distance to a fire hydrant and a fire station, whether your neighborhood is protected by professional or volunteer firefighters, and any factors that affect the time it would take to extinguish a fire in your area.
- The condition of the plumbing, heating and electrical systems in your home.

Key Consumer Tip

Many factors determine what you'll pay for homeowners insurance, so whether you're buying or building a new home or just reviewing the cost and coverage under your current homeowners insurance policy, be aware of what affects your bottom line.

- Many companies use good credit history to offer you a discount or as one of the factors in deciding to sell a policy to new customers.
- The number of claims you file over a certain period of time can put you at risk for non-renewal or higher premiums. Insurance is designed for large "sudden and unexpected" losses, not for minor "wear and tear."

Key Consumer Tip

The more information you have going into the home buying process, the less likely you are to encounter pitfalls along the way. You wouldn't even think about buying a used car without knowing its history. The same goes for your dream home.

3

Avoid common pitfalls that may result in paying higher premiums or even losing insurance.

- **Consider carrying a higher deductible.** It will save you money on your premium and discourage you from filing small claims that may put you at greater risk for non-renewal.
- **Do routine home maintenance check-ups.** Preventing damage from water losses and other typical in-home disasters that can often be avoided may save you from future headaches and financial risk.
- **Get insurance early! Learn the claims history on the property you own and the property you're buying.** If you want to know of prior losses that may impact the availability or price of your new home's insurance, ask the seller to provide a copy of the home's loss history report (called a CLUE® or A-PLUS™ Report) with the disclosure statements. This is a record of home insurance claims that have been reported or filed in the past five years. Finding out what claims have been filed in recent years, such as water loss claims, can affect whether the property is considered higher risk. When you're selling your home, also make sure you know what the loss history is on your own home.
- **Do your homework.** To order a CLUE® report, see www.choicetrust.com. To order a copy of your A-PLUS™ report, call 1-800-709-8842.

Keys to saving on homeowners insurance

Consider taking some steps to make yourself a better risk and save some money.

Install safety & security devices. You can often save up to 15 percent on your premium with deadbolt locks, fire extinguishers, smoke alarms, and burglar and fire alarms that alert your local police and fire stations. Check with your agent to see if your insurance company has specific requirements to qualify.

Increase the deductible on your homeowners policy.

Increasing your out-of-pocket payment from \$250 to \$500 or even \$1,000 can save you money on your premium and it will discourage you from making small claims, which could put you at risk for being non-renewed.

Check into a multi-policy discount. Some companies offer a price break for having more than one type of policy with the same company.

Maintain good credit. Many companies provide discounts or consider good credit as one of the factors when selling new policies, so it can really pay off to manage your personal finances.

Invest in hail and fire resistive roofing products. Your roof is the most vulnerable part of your home and many companies consider the roofing materials into the premium you are charged. Depending on where you live, some companies charge a percentage, rather than a dollar deductible or surcharge on a roof made out of high-risk materials, like wood shingles or shakes.

It pays to shop around for insurance coverage. Keep in mind that the cheapest policy is not necessarily the best. Selecting a company that provides good customer service and one that fits your personal needs is critical, especially when it comes time to file a claim.



Home Buyer Check List

☐ **Check on insurance early**

When buying a home, the sooner you check with an insurance company or agent to price a policy and find out if you can insure that property, the smoother the process will be.

☐ **Check the claims-filing history of properties you're selling and buying**

- Get a copy of your own loss history report, such as a CLUE® report from ChoicePoint or an A-PLUS™ report from Insurance Services Office (ISO).
- Ask the seller to provide a copy of the home's loss history report (called a CLUE® or A-PLUS™ Report) with the disclosure statements. This can alert you to any damage that may have occurred to that property. Depending on your insurance company, the loss history of your potential home may affect your insurance.

☐ **Make sure you buy the amount of insurance you need**

Take the time to properly insure your home. Make sure that you have enough coverage to:

- Rebuild the house if it is destroyed by fire or another insured disaster
- Replace everything in it
- Protect your assets if someone is injured on your property

☐ **Consider a higher deductible**

If you can afford a higher out-of-pocket deductible, it will save you in the short-term on your insurance premium and also discourage you in the long-term from making small claims that could put your insurance at risk for non-renewal.

☐ **Ask about extra coverage**

- Replacement cost coverage for possessions
- Extended or guaranteed replacement cost coverage for the structure
- Building code upgrades
- Sewer and drain back-ups
- Inflation-guard
- Umbrella coverage if you have a lot of assets to protect or the property has high-risk features, such as a pool
- Special riders for jewelry, collectibles and expensive items



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