

Feeling Squeezed by Your Homeowners Insurance?



EFFECTIVE WAYS TO LOWER YOUR INSURANCE PREMIUM WITHOUT LOWERING YOUR COVERAGE

What you pay for homeowners insurance depends on age, location, type of residence, proximity to a fire department, the deductible amount and scope of coverage. Here are some tips to help loosen the squeeze on your wallet while still receiving the best coverage to meet your needs.

- Check out online resources. Go to the Department of Insurance website for your state to make an educated comparison of various insurance companies.
- Compare quotes from at least three different insurance companies to determine which one has the best coverage and premium.
- Consider using one insurer for all your needs. Some companies offer a multiple policy discount if you buy auto, life and health insurance policies from them as well.
- Consider a higher deductible. Increasing your deductible by just a few hundred dollars can make a big difference in your premium.
- Check for government-backed rates. Some areas at high risk for natural disasters offer government-backed loans with lower rates.
- Check to see if you belong to any groups or organizations that can get you a lower rate. Common examples include alumni associations and service clubs.

Know Your Options

Homeowners insurance comes in several different forms, depending on the type of residence you occupy. Here are the six standard policies to choose from.

HO-1 is very basic coverage, insuring against fire or lightning damage.

HO-2 is called “broad coverage” and includes everything in HO-1 as well as building collapse, falling objects, weight of snow, ice or sleet, rupture or bursting of steam or hot water heating systems and freezing of or accidental discharge of water or steam from within plumbing, heating or air-conditioning.

HO-3 is referred to as the “special” coverage and is the policy most homeowners purchase; this policy insures your home and detached structures against loss or damage from any peril except for those specifically excluded in the policy.

HO-4 is a tenant’s policy that insures your household contents and personal belongings against the perils covered in the HO-2 policy, as well as additional living expenses, medical payments and liability protection.

HO-6 covers a condominium unit-owner who wishes to insure items not covered by the association policy, as well as the personal property inside the unit and personal liability protection.

HO-8 is the “older home” policy. Having an older home may preclude you from being able to buy a standard policy; you may have to buy a modified policy instead. This means that the policy will pay for today’s standard building materials and processes to replace older period materials that are often found in older homes.

Don’t be afraid to ask questions to ensure that you get the right policy at the best price.

According to the Consumer Product Safety Commission, cooking equipment alone accounts for 36.3% of the total residential fires incurred.

CAUSE OF LOSS	PERCENTAGE OF INCURRED LOSS INCLUDING CATASTROPHES
PROPERTY PERIL	
Fire	33.1%
Lightning	2.0%
Wind	18.3%
Hail	11.6%
Water damage	14.3%
Freezing	2.0%
Theft	3.6%
Other property losses	9.6%
Property total	94.5%
LIABILITY CLAIM	
Bodily injury	2.7%
Property damage	1.1%
Medical payments	0.2%
Other liability losses	1.6%
LIABILITY TOTAL	5.5%

