



Opening Doors to Housing Success

Protecting your home investment with adequate insurance is critical. However, it pays to compare several policies and ask about available discounts to make the most of your premium dollars.

What Can You Do to Save Insurance Dollars?

Purchasing a home is the largest, single investment that most people will make in a lifetime. Adequately insuring your home is one of the most important decisions that you can make to safeguard your investment. **Property insurance** is designed to insure your home and its contents. In addition, you can purchase insurance to cover special items or situations that you have.

The price you pay for insurance is called the **premium**. The premium cost is based on several factors including: 1) which risks you choose to insure against, 2) how much insurance you purchase, 3) where your home is located, 4) the value of your home, and 5) from which insurance company you buy the insurance. Additional factors can affect your premium such as security devices in your home and how your home is built. All other things being equal, it costs more to insure an all-wood home than a home made of brick or stone.

Renter's Insurance

If you live in an apartment or other single-family dwelling which you don't own, then **renter's insurance** (also called **contents insurance**) is designed to fit your needs. Renter's insurance insures your personal belongings, but not the building structure. It also provides some liability protection.

Renter's insurance is less expensive than homeowner's insurance. However, most of the factors that determine homeowner's insurance costs also affect the cost of renter's insurance. When deciding where to rent, consider the building's location, safety features, and construction materials.



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What Can You Do to Save Insurance Dollars?

Where You Live Affects Your Insurance Cost

When buying a home or choosing a place to rent, consider location. A house or apartment near a fire station and/or a fire hydrant is less expensive to insure than one several miles away from fire protection. Insurance costs are lower for homes in low-crime areas.

Many insurers offer lower premiums to owners of new homes. New homes have fewer insurance claims because of the newness of construction and wiring and safety features. Also, when you're purchasing or building a home, consider one built of fire-resistant materials such as brick; insuring it will cost less.

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Sources:

¹Wysocki, J. L. (1986). *Insuring Your Home* [Brochure]. Urbana, IL: University of Illinois Cooperative Extension Service.

²Illinois Department of Insurance. (1995). *Homeowners Insurance for Home Purchase Counselors and Homeowners* [Curriculum]. Illinois: Author.

For more information on housing, see other *Opening Doors to Housing Success* fact sheets.

Tips for Saving Premium Dollars

Smart consumers make the best use of their insurance dollars. Use these tips to help you save on premium costs.

- 🔑 Pay your premium annually or allow automatic deduction from your checking account to save finance charges. Usually the less bookkeeping a company has to do, the lower the premium will be.
- 🔑 Take the highest deductible you can afford. A deductible clause in an insurance policy means that a policyholder is responsible for all losses up to the "deductible" amount.
- 🔑 Install safety devices, such as a burglar alarm, sprinkler system, smoke detector, fire extinguisher, or dead bolt lock to reduce your premium. Check with your insurance agent to see which devices qualify for a discount.
- 🔑 Ask your insurance company about other discounts. For example, you may receive a discount if you buy your home and auto insurance from the same company. Retirees and nonsmokers may be eligible for a discount.
- 🔑 Before you buy, compare companies and policies. Although state insurance departments closely monitor insurance rates, this doesn't mean that companies have to offer identical policies at the same price.
- 🔑 Each year review and update your coverage with your agent's assistance. Drop floaters you purchased to cover specific items that you no longer need or own.
- 🔑 Take time to select an insurance agent. Look for someone who is knowledgeable and professional, and someone who shows concern for your wellbeing. Your premium dollars should buy service as well as an insurance policy.

What Can You Do to Save Insurance Dollars?



Homeowner's Insurance Consumer Quote Guide²

When you call an agent to find out how much it will cost to insure a home, you will need the following information. Without it, you may not get a quote or the quote may not be accurate! Answer these questions before you make the phone call or stop into an office.

1. What is the complete address of the home you are thinking about buying?

Street _____ City/State _____ Zip Code _____
The address is on the real estate listing for the house.

2. What is your house made of? Circle one.

A. All wood B. All brick C. Two-thirds brick D. Stucco

A home that is aluminum sided or has shingles as siding is usually considered to be "wood." If you are not sure, ask your real estate agent or your counselor.

3. Is your home? Circle one.

A. One story B. Two stories C. Split level D. Other (Please describe it)

When you enter a split level home, you can go up or down from a landing to the rooms in the house. If everything is all on one floor it is a one story home. If it has a basement it would be a "one story home with a basement."

4. How many rooms are there in your house?

A. Kitchens () B. Bathrooms () C. Bedrooms () D. Dining Room ()

E. Living Room () F. Family Room () G. Other _____

The real estate listing should have the room count on it. The agent may ask how many family units are in the building.

5. What is the listing price of your home? _____

You can find this amount on the real estate listing.

6. How old is your home? _____

Look for the wording "original year built" on your listing but make note of any major changes made to the house. Things like new electrical, plumbing and heating systems and a new roof are important in many cases.

7. What is the "square footage" of your home? _____

The real estate listing should show the "square footage." Multiply the width of the house by the length and then multiply by the number of livable stories to figure out square footage.



What Can You Do to Save Insurance Dollars?

Homeowner's Insurance Consumer Quote Guide² (continued)

8. How far away is the nearest fire department? _____ miles
How far away is the nearest fire hydrant? _____ miles

The ability of the local fire department to respond and the ability to get water to the fire are very important to the safety of your family and to your property.

9. Does the house have security devices? Circle all that apply.
A. Smoke detectors B. Alarm systems C. Security lighting D. Deadbolt locks
E. Carbon Monoxide detectors F. Other (Please describe) _____

Many companies offer a discount for security devices in your home. Many areas require smoke and/or carbon monoxide detectors.

The following questions will help you identify other concerns you need to think about to buy the right coverage.

10. Is this home built in an area that has been designated a "flood plain" area? Yes ___ No ___

Your real estate listing should indicate if it is a flood plain area. If it is, you will need a "flood insurance" policy. These policies are sold for the Federal Government through your agent.

11. Are there any other structures on the property? Yes _____ No _____ If yes, please describe them. _____

Other structures would include a garage, sheds or even a swimming pool.

12. Do you own a dog? Yes _____ No _____ If yes, what breed? _____

Dogs are a security to many but they also create risks as well.

13. Do you have any valuable jewelry, furs, antiques, silverware? Yes _____ No _____

Your policy may limit the coverage for these items. Be sure to ask. Additional coverage might be available to fit your needs.

14. What kind (amount) of a "deductible" would fit your needs? _____

A "deductible" is what you agree to pay if you have a loss. The deductible would be subtracted from your claim and the company would pay the balance. The higher the deductible, the lower the cost of the policy.

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