

Homeowners Insurance

Your lender will require that you have insurance coverage at the time you close. How much coverage they require depends on the lender, but it must be at least enough to entirely rebuild the house in the event of a disaster. Often, you'll be required to purchase one year's coverage in advance. Homeowners insurance covers:

Damage to the home typically covers things like fire or smoke damage, wind, lightning strike or hail. Not every natural disaster is covered. You may be required to buy additional flood insurance coverage in order to get a mortgage.

Damage to other structures on the property like a shed or garage.

Personal property: If you purchase personal property coverage and have anything that's stolen or damaged during a covered disaster, this coverage helps you replace it. These policies have certain limits, but you can buy extended coverage (sometimes referred to as riders) for valuable items like jewelry. Ask your agent.

Liability coverage helps pay for expenses related to things you may have caused or are negligent about- like a slip and fall accident in your garage or if you shoot a golf ball through the neighbor's window.

Important Questions To Ask:

1. Can you explain the differences of coverage between your HO-1 through HO-8 policies? In the U.S., there are eight levels of homeowners insurance. They range from basic condo insurance to comprehensive, full-coverage single-family home insurance. Ask your lender what you MUST have and ask your agent what would best protect you.

2. Do you cover replacement cost or actual cash value? Replacement cost is better because, after paying for a deductible, you'll receive funds to replace what was lost. With an actual cash value policy, the insurance company will depreciate you assets and you may end up with much less money to help you replace your assets.

3. What is the replacement value of my (future) home? The replacement value of a home may be less than the purchase/appraised value of a home. In the case of a tragedy, you may have to pay for repairs out of your own pocket on top of the deductible.

4. What is excluded from the policy?

5. Does this policy cover water damage? Some cover sewer damage but may not cover flood damage. Make sure you ask if you need flood insurance as well.

You may be eligible for discounts, ask!

Consider these things for lower rates:

- Higher deductible
- Remove "land coverage"
- Wind Mitigation inspection
- Home security system
- Fence around the pool
- Primary property
- Bundle your home, auto and motorcycle insurance with them

