

Homeowners Insurance—Make Time For Your Annual Review *Top Considerations for Your Review*

It's important to review your homeowners insurance coverage every year. Make sure it includes any remodeling, the addition of expensive new personal property (such as jewelry or electronics), the installation of security equipment or other changes that might impact your policy.

Price

The price of homeowners insurance depends on a number of things.

Your home - the cost to rebuild it, whether it's made of brick or wood, how far it is to the fire department or a water source, its age and condition, and the home's claims history.

About you - coverage and deductible, length of coverage, insurance-based credit history, claims history, and whether you insure multiple properties or personal properties such as a car with the same insurer.

Other characteristics - other factors may impact the price: smoke detectors; a swimming pool or trampoline; pets; or running a business in your home all factor in.

Coverage

Different types of homeowners policies protect your home and personal property in different ways. Insurers describe coverage by the cause of a loss - a peril is the cause of a loss. Comprehensive policies insure against all perils except ones the policy explicitly excludes. The most basic policy insures only against the perils named in the policy, such as fire and theft. You can add riders to cover a risk a policy doesn't cover. Examples include damage due to sewer or drain backup, and sump pump overflow.

Most homeowners policies don't cover earthquakes or floods, but you can buy separate policies to cover those risks.

Policies typically insure not only the home but also other structures - such as garages. Most policies cover belongings in the home up to the amount stated in the policy and personal liability if you're sued.

Most policies reimburse some of your expenses if you have to live somewhere else while your home's under repair.

There are specific policies for condos, mobile homes, and older homes.

Be sure to discuss all of your options for coverage with your insurance agent.

Claims

It's a good idea to review what you'd need to know if you need to file a claim.

- **A deductible** is the money you have to pay out-of-pocket on a claim before the policy pays the loss. For example, assume you have a \$1,000 deductible and the total claim is \$5,000. You'd pay \$1,000 and collect \$4,000 from the insurer. A deductible also may be a percentage of the home's insured value, not a fixed dollar amount.
- **Actual Cash Value coverage** pays the repair or replacement costs—after the insurer subtracts an amount based on the home's or personal property's age and the wear and tear (depreciation).
- **Replacement Cost coverage** pays the full repair or replacement cost, without subtracting for depreciation, for materials of like kind and quality.

How to Protect Yourself

Shop around: The premiums insurance companies charge for homeowners insurance vary widely. It pays to take time to shop around to get the best value. Be sure to ask if you qualify for any discounts. Examples are discounts to protect your home (for example, add storm shutters), update the home's electrical or plumbing systems, get a new roof, or add home security devices (for example, a burglar alarm). Memberships in certain organizations may also provide a discount.

Consider bundling your insurance with one company: Some companies offer multi-policy discounts. For example, if you buy homeowners and auto policies from the same insurer, you may get a discount.

Choose your deductible: A higher deductible may help you save money on your homeowners insurance premium. Just be sure you can afford the deductible if you have a loss.

Understand the trade-offs: Know the difference between actual cash value and replacement cost coverage. The premiums probably are lower for actual cash value coverage. But replacement cost coverage pays more if you have a claim.

Top Things to Remember

- Know the risks to your home and take actions to reduce those risks.
- Know important policy terms. If you don't understand, ask.
- Compare insurers. Shop around to find the best price and coverage for you, including discounts.
- Choose the deductible and policy that meets both your need for coverage and ability to pay for insurance.
- Keep a printed **inventory list** of your personal belongings. You can also create an inventory from a free home inventory smartphone app: **iPhone®** | **Android®**.

Additional Information

Additional insurance information on all types of insurance coverage are available on the Department's website at **doi.nebraska.gov**. If you have insurance-related concerns, call the Department's toll-free consumer hotline at 1-877-564-7323 for assistance.

For more in-depth information about homeowners insurance, order a copy of the "Consumer Guide to Home Insurance" and "A Shopping Tool for Homeowners Insurance" from the National Association of Insurance Commissioners (NAIC) or visit **naic.org**.