

Special Report:

8 Costly Mistakes homeowners make when purchasing home insurance



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My goal is to educate people like yourself to make better informed decisions when it comes to insurance. I hope the attached 8 tips will save you money today and headaches down the road. If you have any questions regarding your insurance, please don't hesitate to call me at 536.5555

Jerry Brunson

**Save up to 40% on your
Homeowners Insurance today
by implementing these
simple but proven
strategies**

1) Wrong Deductible:

The amount of money you pay before your insurance company begins to pay a claim is called a "deductible." Having too low of a deductible is probably the most common mistake people make when purchasing their home insurance.

(A little known fact)

The most expensive part of a home insurance policy is the first \$1000 of coverage. Insurance Companies give large discounts if you self-insure the first \$1000 of your home.

By raising your deductible or "self-insuring" the first \$1000 you can save up to 25% over a \$250 deductible and up to 18% over a \$500 deductible.

2) Check Discounts:

Are you receiving all the discounts you are entitled to? Here are some of the most common "missed" discounts. **Many of these discounts are worth 10%, 15% OR 20% each.**

- Partially Renovated Home Discount
- 55 & Retired Discount
- Claim Free Discount
- Dead Bolts-Smoke Detectors- Fire Extinguisher
- Audible Alarm Discount
- Monitored Alarm Discount
- Home and Auto Discount
- New Home Discount
- Age of Home Discount

3) Your Credit Report:

Good credit may substantially lower your insurance costs. Many companies now use a person's credit rating to price their policies. If you have really good credit, you may want to seek out a company that gives lower rates to those with good credit records. **Some insurance companies will offer you rates up to 40% lower if you meet their credit criteria.** It's a good idea to review your credit annually. Federal law now allows you to obtain your free credit report once a year at www.annualcreditreport.com

4) Don't confuse what you paid for your home with the cost to rebuild:

Don't confuse the Market price of your home with the "cost of rebuilding." This is a common mistake. **Remember not to insure the value of the land that your home is built on.** Many times I see homes over insured because the lot/land is 25% or more of the total cost of their home. Remember the insurance company is only going to pay to rebuild your home, not necessarily the amount you have it insured for. For example, if you have your home insured for \$300,000 and it only costs \$225,000 to rebuild - then that is what the insurance company will settle the claim for. **Don't overpay your insurance company for excessive coverage.**

5) Using Your Home Insurance Wisely:

Ideally, home insurance should be purchased to protect against catastrophic loss and not for "maintenance or small claims." **Many companies will cancel your home insurance if you have 3 claims in 5 years.** I've had people call me looking for home insurance because they were non-renewed for having 1 claim. Once cancelled you may find it difficult to find homeowners insurance at a reasonable price- if at all. Keep in mind, if you are claim free- you receive a lower rate. Many claims such as theft, fire, and/or liability claims may cause you to receive a "claim surcharge" on your policy and can increase your cost of insurance by up to 50% or more for multiple claims of this type.

6) When Shopping for a Home, Consider this:

You may be able to significantly reduce the cost of your insurance if you consider the following when shopping for a home:

- **Age of home** can affect the rate. Newer homes receive more discounts than older homes.
- **Distance to fire department** - if the distance to the closest fire department is more than 5 miles, the cost of insurance will typically increase dramatically.
- **The responding fire department** can affect your rate as well. Professional fire departments get

the lowest rates and all volunteer fire departments typically receive a higher rate.

- **The type of construction** can also affect your insurance rate. Factors such as roof type, brick or frame exterior, foundation type, etc. can impact your rate dramatically.

7) Review Your Policy Limits and Coverage-

If it has been a while since you have reviewed your policy, it pays to review your policy. Many times people will have jewelry, cameras, and sporting equipment such as guns and/or golf clubs insured that they no longer use. **You may be paying high premiums to insure something that is no longer valuable to you.**

Additionally, you may be able to "upgrade" your policy to a newer policy that offers higher limits on items such as computers, sporting equipment, jewelry, cameras, etc.

You may also want to review your limits of liability to make sure that you have enough coverage to protect your current assets in case of a liability lawsuit.

8) Identity Restoration Could Save Your Good Name and Thousands of Dollars!

If someone steals your identity and uses it to obtain credit or make purchases on your behalf for their own personal use - where and how would you start to restore your good name?

Many insurance companies now offer Identity Theft coverage as an endorsement to their homeowner's insurance policy.

Important Note: This coverage (I.D. Restoration) is fairly inexpensive (usually \$25 - \$40 per year) and could save you considerable legal fees (often thousands of \$) and other fees necessary to restore your identity and good name. **Don't think this couldn't happen to you, it happens to thousands of people everyday.**

The above tips are intended as general information only, and do not constitute legal advice. Be sure to contact us regarding your specific situation.