

## Are You Shopping for a New Home? Take into Account the Insurance Implications of Buying a Specific House

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### The I.I.I. Offers a Home Buyers Insurance Checklist with Accompanying Video and Podcast

#### INSURANCE INFORMATION INSTITUTE

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**NEW YORK, May 12, 2010** ? With home prices continuing to be competitive and interest rates low, many people are dipping their toes into the real estate market. Regardless of whether you are a first time home buyer, considering the purchase of a second home or an empty nester looking for a cozy smaller property, it is important to factor in the potential insurance costs of the home you are considering when calculating the overall price of owning the house, according to the [Insurance Information Institute](#)<sup>[2]</sup> (I.I.I.).

?When people look at homes, they tend to focus on factors such as property taxes, neighborhoods, school districts and available recreational and cultural opportunities,? said Jeanne M. Salvatore, senior vice president and consumer spokesperson for the I.I.I. ?But an often overlooked item is the insurance implications of a specific house.?

?You will be paying for insurance for as long as you own it, so you should factor the cost of insurance into the home buying process. You don?t want to find out that your dream home is more expensive to insure than you thought after you own it,? pointed out Salvatore.

When looking at prospective new homes, the I.I.I. suggests asking the following questions:

- **How far is the home from the fire department?** Houses that are near a fire station with professional firefighters usually cost less to insure.
- **What is the condition of the plumbing and electrical systems?** Poorly maintained, unsafe and/or outdated systems can cost more to insure.
- **Is the home vulnerable to wind damage?** Find out if private insurance is available, or a state-run insurance program. Is there a windstorm deductible, and how high is it? A home on or near the beach may be more costly to insure than one inland.
- **Is the house at risk from flooding?** Flood insurance is not covered under a standard homeowners insurance policy. However, it is available from the [National Flood Insurance Program](#)<sup>[3]</sup>, which is serviced by private carriers, and from a few specialty insurers.
- **What about earthquake risk?** Earthquake insurance requires an endorsement or a separate policy.
- **Is the house well built and well maintained?** Homes built by reputable builders using disaster resistant materials and designed to meet current building codes are likely to better withstand natural disasters.

A knowledgeable home inspector and your insurance agent can be helpful in answering these questions. ?Keep in mind, that the size, location, construction and overall condition of the house can affect the cost, choice and availability of home insurance,? noted Salvatore.

To educate consumers about the insurance implication of buying a home, the I.I.I. has created a [Home Buyers Insurance Checklist](#)<sup>[4]</sup>. It provides information on what do before buying a house, factors to consider when looking at homes and placing a bid, as well as tips to properly insure your new home.

For related video, go to [Before Buying a Home: Insurance Questions Everyone Should Ask](#)<sup>[5]</sup>. A related podcast, [Insurance Checklist for Home Buyers](#)<sup>[6]</sup>, is also available to be downloaded to a PDA so that it can be referenced when house hunting.

The I.I.I. has additional information on [home insurance](#)<sup>[7]</sup> and information on home safety can be found at the [Institute for Business& Home Safety](#)<sup>[8]</sup>.

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