

12

ways to lower your homeowners insurance costs



Insurance
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Institute

The price you pay for your homeowners insurance can vary by hundreds of dollars, depending on the insurance company you buy your policy from. Here are some things to consider when buying homeowners insurance.

1 Shop around

It'll take some time, but could save you a good sum of money. Ask your friends, check the Yellow Pages or contact your state insurance department. (Phone numbers and Web sites are on the back page of this brochure.) The National Association of Insurance Commissioners (www.naic.org) has information to help you choose an insurer in your state, including complaints. States often make information available on typical rates charged by major insurers and many states provide the frequency of consumer complaints by company.

Also check consumer guides, insurance agents, companies and online insurance quote services. This will give you an idea of price ranges and tell you which companies have the lowest prices. But don't consider price alone. The insurer you select should offer a fair price and deliver the quality service you would expect if you needed assistance in filing a claim. So in assessing service quality, use the complaint information cited above and talk to a number of insurers to get a feeling for the type of service they give. Ask them what they would do to lower your costs.

Check the financial stability of the companies you are considering with rating companies such as A.M. Best (www.ambest.com) and Standard & Poor's (www.standardandpoors.com/ratings) and consult consumer magazines. When you've narrowed the field to three insurers, get price quotes.

2 Raise your deductible

Deductibles are the amount of money you have to pay toward a loss according to the terms of your policy before your insurance company starts to pay a claim. The higher your deductible, the more money you can save on your premiums. Nowadays, most insurance companies recommend a deductible of at least \$500. If you can afford to raise your deductible to \$1,000, you may save as much as 25 percent. Remember, if you live in a disaster-prone area, your insurance policy may have a separate deductible for certain kinds of damage. If you live near the coast in the East, you may have a separate windstorm deductible; if you live in a state vulnerable to hail storms, you may have a separate deductible for hail; and if you live in an earthquake-prone area, your earthquake policy has a deductible.

3 Don't confuse what you paid for your house with rebuilding costs

The land under your house isn't at risk from theft, windstorm, fire and the other perils covered in your homeowners policy. So don't include its value in deciding how much homeowners insurance to buy. If you do, you will pay a higher premium than you should.

4 Buy your home and auto policies from the same insurer

Some companies that sell homeowners, auto and liability coverage will take 5 to 15 percent off your premium if you buy two or more policies from them. But make certain this combined price is lower than buying the different coverages from different companies.

Make your home more disaster resistant

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Find out from your insurance agent or company representative what steps you can take to make your home more resistant to windstorms and other natural disasters. You may be able to save on your premiums by adding storm shutters, reinforcing your roof or buying stronger roofing materials. Older homes can be retrofitted to make them better able to withstand earthquakes. In addition, consider modernizing your heating, plumbing and electrical systems to reduce the risk of fire and water damage.

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Improve your home security

You can usually get discounts of at least 5 percent for a smoke detector, burglar alarm or dead-bolt locks. Some companies offer to cut your premium by as much as 15 or 20 percent if you install a sophisticated sprinkler system and a fire and burglar alarm that rings at the police, fire or other monitoring stations. These systems aren't cheap and not every system qualifies for a discount. Before you buy such a system, find out what kind your insurer recommends, how much the device would cost and how much you'd save on premiums.

Seek out other discounts

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Companies offer several types of discounts, but they don't all offer the same discount or the same amount of discount in all states. For example, since retired people stay at home more than working people they are less likely to be burglar-

ized and may spot fires sooner, too. Retired people also have more time for maintaining their homes. If you're at least 55 years old and retired, you may qualify for a discount of up to 10 percent at some companies. Some employers and professional associations administer group insurance programs that may offer a better deal than you can get elsewhere.

Maintain a good credit record

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Establishing a solid credit history can cut your insurance costs. Insurers are increasingly using credit information to price homeowners insurance policies. In most states, your insurer must advise you of any adverse action, such as a higher rate, at which time you should verify the accuracy of the information on which the insurer relied. To protect your credit standing, pay your bills on time, don't obtain more credit than you need and keep your credit balances as low as possible. Check your credit record on a regular basis and have any errors corrected promptly so that your record remains accurate.

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Stay with the same insurer

If you've kept your coverage with a company for several years, you may receive a special discount for being a long-term policyholder. Some insurers will reduce their premiums by 5 percent if you stay with them for three to five years and by 10 percent if you remain a policyholder for six years or more. But make certain to periodically compare this price with that of other policies.

STATE INSURANCE DEPARTMENTS

AK: 907-269-7900	www.dced.state.ak.us/insurance/
AL: 334-269-3550	www.aldoi.gov
AR: 501-371-2640	www.accessarkansas.org/insurance/
AZ: 602-912-8444	www.id.state.az.us
CA: 800-927-4357	www.insurance.ca.gov
CO: 303-894-7499	www.dora.state.co.us/insurance
CT: 860-297-3800	www.ct.gov/cid
DC: 202-727-8000	www.disr.washingtondc.gov
DE: 302-739-4251	www.state.de.us/inscom
FL: 850-413-3100	www.fldfs.com
GA: 404-656-2070	www.gainsurance.org
HI: 808-586-2790	www.state.hi.us/dcca/ins
IA: 515-281-5705	www.iid.state.ia.us
ID: 208-334-4250	www.doi.state.id.us
IL: 217-782-4515	www.ins.state.il.us
IN: 317-232-2385	www.in.gov/idoi/
KS: 785-296-3071	www.ksinsurance.org
KY: 502-564-7760	http://ppr.ky.gov
LA: 225-342-5900	www.ldi.la.gov
MA: 617-521-7794	www.state.ma.us/doi
MD: 419-624-2000	www.mdinsurance.state.md.us
ME: 207-624-8475	www.maineinsurancereg.org
MI: 517-373-0220	www.michigan.gov/ofis
MN: 651-296-4026	www.commerce.state.mn.us
MO: 573-751-4126	www.insurance.state.mo.us/
MS: 601-359-3569	www.doi.state.ms.us/
MT: 406-444-2040	http://sao.state.mt.us/sao/insurance/index.html
NC: 919-733-3058	www.ncdoi.com/
ND: 701-328-2440	www.state.nd.us/ndins/
NE: 402-471-2201	www.nol.org/home/NDOI
NH: 603-271-2261	www.state.nh.us/insurance
NJ: 609-292-5360	www.njdobi.org
NM: 505-827-4601	www.nmprc.state.nm.us/insurance/inshm.htm
NV: 775-687-4270	http://doi.state.nv.us/
NY: 212-480-6400	www.ins.state.ny.us
OH: 614-644-2658	www.ohioinsurance.gov/
OK: 405-521-2828	www.oid.state.ok.us/
OR: 503-947-7980	www.cbs.state.or.us/external/ins
PA: 717-783-0442	www.ins.state.pa.us/ins/site/default.asp
PR: 787-722-8686	www.ocs.gobierno.pr/
RI: 401-222-2223	www.dbr.state.ri.us
SC: 803-737-6160	www.doi.state.sc.us/
SD: 605-773-3536	www.state.sd.us/dcr/insurance/
TN: 615-741-2241	www.state.tn.us/commerce/insurance/index.html
TX: 512-463-6169	www.tdi.state.tx.us/
UT: 801-538-3800	www.insurance.state.ut.us/
VA: 804-371-9741	www.state.va.us/scc/division/boi/index.htm
VI: 340-774-7166	
VT: 802-828-3301	www.bishca.state.vt.us
WA: 800-562-6900	www.insurance.wa.gov/
WI: 608-266-3586	http://badger.state.wi.us/agencies/oci/oci_home.htm
WV: 304-558-3354	www.wvinsurance.gov/WVICOLine/default.htm
WY: 307-777-7401	http://insurance.state.wy.us



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