

Lower Your Insurance Costs

By JOE SZYNKOWSKI | Green Shoot Media

Homeowner's insurance can be expensive, but the price you pay is dependent on many variables. Whether you're looking into home insurance costs for a new home or trying to re-negotiate your rates as a landlord, save yourself some cash with these strategies.

CONSIDER INSURANCE COSTS BEFORE YOU BUY

Homeowner's insurance is not something to consider only after you've purchased a home. You will pay more or less depending on where your home is located and the materials with which it is built.

For example, you might pay less if the home's roof, electrical and plumbing are less than 10 years old. You also might pay less if the home is close to a fire hydrant or made of wood in an earthquake-prone area (making it more likely to withstand damage), or if the home is made of brick in the East (where the winds blow harder).

SHOP AROUND

Calling around to different agencies can be time-consuming, but the payoff is considerable. Start with recommendations from friends and family and reviews online. Your Realtor is another great



resource when it comes to insurance agencies. Also don't overlook online insurance quote services. Just remember to weigh costs with quality of service. A great deal does nothing for you if you can

never get in touch with your agent or have trouble filing a claim.

PURCHASE ALL POLICIES FROM THE SAME INSURER

Many insurance agencies

sell all types of insurance — including homeowner's, auto, liability and life insurance. You are likely to get a percentage taken off your premium if you buy more than one policy from the same agency.

REAL ESTATE 101

Get a Head Start

It's not uncommon for the lender to require a borrower to pre-pay a year's worth of homeowner's insurance premiums.

According to the Federal Trade Commission, this amount will be listed on your HUD-1 Settlement Statement on Line 903 as "P.O.C. by borrower," which stands for "paid outside of closing."

PREP FOR DISASTER

It works like this: The safer your home is, the less likely something is to happen to it. Consider storm shutters and reinforcing your basement and roof. Don't forget about a home security system, installing dead-bolt locks and updating all smoke and gas detectors.

If you're selling, call your Realtor and see what he recommends. You might be surprised at the savings.

REVIEW YOUR POLICY EVERY YEAR

Things change over time, and you might not have reported updates you've made.

You also might want to change coverage for the items inside your home, if you've drastically downsized or sold valuable pieces.

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HOMESWISE GLOSSARY

Pre-paid items: Lenders often require the prepayment of mortgage-related costs such as insurance premiums for private mortgage insurance, homeowner's insurance, and real estate taxes.

SOURCE: Federal Trade Commission

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