

## Homeowner's insurance basics

By ANNA CHANG-YEN | Green Shoot Media

Before your loan closes, your lender may require you to show proof that you have purchased a homeowner's insurance policy.

This type of insurance, sometimes referred to as hazard insurance, protects your home from fire, wind, vandalism and other hazards.

If you've never shopped for this type of insurance before, there are some variables to be aware of that will affect the price of the policy as well as the coverage it provides.

### WHERE TO SHOP

Start by contacting your auto or renter's insurance provider. It's best to go with a company with which you have some history. Call your agent and ask for prices and options for a homeowner's policy. If you don't already have an insurance agent, ask friends and family members for recommendations. You also might consider an insurer recommended by your credit union, which typically offer attractive rates.

### COVERAGES

Your homeowner's insurance policy will list separate coverage amounts for the structure, your personal property, personal liability and guest medical. The coverage for the structure will be set at an amount



© FOTOLIA

A homeowner's insurance policy — or hazard insurance — protects both you and your home financially in case of an accident or disaster.

equal to the cost of replacing the structure if it should be completely destroyed. Your insurance agent will calculate this figure. The personal property coverage is intended to cover your possessions, such as furniture, appliances, clothing, linens, housewares and other items that may be lost in a covered disaster. Personal liability

and guest medical coverages are intended to protect you if someone sues you after being injured in your home.

### DISCOUNTS

You may qualify for discounts on your policy if you carry auto insurance with the same carrier, or if you protect

your home from burglary by installing a security system. You also may get lower rates if you install water or natural gas sensors that can help prevent costly claims by sniffing out potential dangers before they get out of control. Ask your agent about these and any other discounts to help keep your costs manageable.

### REAL ESTATE 101

#### Tips for buyers

InsureOnline.org, a website created by the National Association of Insurance Commissioners to assist consumers with information about insurance issues, offers 10 tips for buyers in the market for homeowners insurance. To read the tips, visit <http://bit.ly/1fYerZO>.

### FLOOD INSURANCE

If your home is located in a high-risk area, as defined by the Federal Emergency Management Association's floodplain maps, you will likely be required to purchase flood insurance to get a federally insured mortgage.

According to FloodSmart.gov, even homeowners outside flood-prone areas should consider buying flood insurance.

"Flooding occurs in moderate-to-low risk areas as well as in high-risk areas," the FloodSmart website says. "Poor drainage systems, rapid accumulation of rainfall, snowmelt, and broken water mains can all result in flood."





A homeowner's insurance policy — or hazard insurance — protects both you and your home financially in case of an accident or disaster.

© FOTOLIA

## Homeowner's insurance basics

By ANNA CHANG-YEN | Green Shoot Media

**B**efore your loan closes, your lender may require you to show proof that you have purchased a homeowner's insurance policy.

This type of insurance, sometimes referred to as hazard insurance, protects your home from fire, wind, vandalism and other hazards.

If you've never shopped for this type of insurance before, there are some variables to be aware of that will affect the price of the policy as well as the coverage it provides.

### WHERE TO SHOP

Start by contacting your auto or renter's insurance provider. It's best to go with a company with which you have some history. Call your agent and ask for

prices and options for a homeowner's policy. If you don't already have an insurance agent, ask friends and family members for recommendations. You also might consider an insurer recommended by your credit union, which typically offer attractive rates.

### COVERAGES

Your homeowner's insurance policy will list separate coverage amounts for the structure, your personal property, personal liability and guest medical. The coverage for the structure will be set at an amount

equal to the cost of replacing the structure if it should be completely destroyed. Your insurance agent will calculate this figure. The personal property coverage is intended to cover your possessions, such as furniture, appliances, clothing, linens, housewares and other items that may be lost in a covered disaster. Personal liability and guest medical coverages are intended to protect you if someone sues you after being injured in your home.

### DISCOUNTS

You may qualify for dis-

counts on your policy if you carry auto insurance with the same carrier, or if you protect your home from burglary by installing a security system. You also may get lower rates if you install water or natural gas sensors that can help prevent costly claims by sniffing out potential dangers before they get out of control. Ask your agent about these and any other discounts to help keep your costs manageable.

### FLOOD INSURANCE

If your home is located in a

high-risk area, as defined by the Federal Emergency Management Association's floodplain maps, you will likely be required to purchase flood insurance to get a federally insured mortgage.

According to FloodSmart.gov, even homeowners outside flood-prone areas should consider buying flood insurance.

"Flooding occurs in moderate-to-low risk areas as well as in high-risk areas," the FloodSmart website says. "Poor drainage systems, rapid accumulation of rainfall, snowmelt, and broken water mains can all result in flood."

### REAL ESTATE 101



#### Tips for buyers

InsureOnline.org, a website created by the National Association of Insurance Commissioners to assist consumers with information about insurance issues, offers 10 tips for buyers in the market for homeowners insurance. To read the tips, visit <http://bit.ly/1fYerZO>.

### HOMESWISE GLOSSARY

**Disaster, man-made:** a catastrophe of man-made origin, such as a flood caused by a broken dam, a nuclear power plant accident or toxic waste spill.

**SOURCE:** U.S. Department of Housing and Urban Development

# AD SPACE