



A clear understanding of your insurance options will help you choose the right policy

**W**hen buying a home, one word you will hear often is "insurance." As a homeowner you are concerned about protecting your house, your personal belongings, and your personal liability. It is important that the coverages you choose provide the comprehensive protection that you need.

#### Homeowner's Insurance

This type of insurance protects you and your house against losses from fire, theft, liability, vandalism, water damage, wind damage, tornadoes, and loss of use. Earthquake and flood insurance are not included but can be purchased separately.

#### Coverages

Coverages in a homeowner's policy include but are not limited to:

*Dwelling*-homeowner's policy insures your home, structures attached to it like a porch, or garage and unattached buildings on your property that are not used for business or rented to others.

*Personal Property*-this coverage protects personal property in your home like clothes and furniture.

*Loss of Use*-This coverage provides payment for certain losses when your home is damaged and rendered uninhabited because of an insured loss.

*Personal Liability*-this coverage provides payment for your legal liability up to the limits in the policy for damages because of bodily injury or property damages caused by an occurrence to which this insurance applies.

It is important to understand that the replacement value of your home is based on your insurance company's estimate

of the cost to rebuild your home on your property. It is not based on the purchase or appraised value of the home. Some policies have a built-in annual increase of replacement cost coverage.

#### Schedules

You may want to insure certain valuables such as jewelry, furs, silverware, camera equipment, and art on an addition to the basic homeowner's policy. This addition is called a personal property schedule. A schedule provides a specific amount of insurance for each valuable on an itemized basis. It covers almost all types of losses.

#### Inventory

Insurance companies rely on both good faith and proof of loss in reconciling losses which

may occur to household goods and personal property. For your own protection, it is a good idea to keep a complete inventory of everything you own in a safe deposit box. Support the inventory with photographs, videotapes, and receipts. Include the actual price or a reliable estimate.

#### Reducing Premiums

When purchasing homeowner's insurance, there are ways of lowering your premium. Most insurance companies offer discounts for smoke alarms, fire extinguishers, deadbolt locks, and whole-house alarm systems. If your home is fairly new, or if you elect to insure your automobiles with the same company, you are likely to receive a discount on your premium.

