

Shopping for Homeowners Insurance

By Basil Housewright, Jr.

Today more than ever, Texans have many options when it comes to buying homeowners insurance. It pays to take advantage of companies competing for your business and shop around to find the best policy to meet your insurance needs. These tips will help you do just that:

Shop Around

Before you sign on the dotted line, get quotes from several providers and compare premiums. You may ask friends and colleagues for referrals or enlist the help of an Independent Insurance Agent who can present policy and price options from several companies. Remember to consider more than cost when choosing an insurer. Policy coverage and customer service should be a priority as well.

Determine Your Coverage Needs

You should buy enough coverage to avoid a major financial loss if your home and belongings are completely destroyed and have to be replaced or rebuilt. Since construction costs change, homeowners should reassess “replacement costs” annually to be sure they’re fully covered. Buying a policy which has too low of coverage limits to cover the current replacement cost of your home could lead to a financial disaster if you suffer a major loss. Avoid Insurance Agents selling very low coverage limits, as this is very unprofessional advice.

Rethink Your Deductible

A deductible is the pre-determined amount you pay before the insurance company starts to pay for your loss. To keep your premiums as low as possible, you should choose the highest deductible you can afford in case of a loss.

Ask About Discounts

Many companies offer discounts if you proactively protect your home against a loss. You may get a lower premium if you have a home security system, smoke detectors, fire extinguishers or an impact resistant roof. You may also qualify for a discount if you buy your auto, flood and homeowners insurance from the same provider.

Know the Cost Factors for Insurance Premiums

Several factors can affect the cost of your premium, including the county where you live, the level of fire protection available such as the distance to the closest fire station, the construction type and condition of your home, and current construction costs. Severe Texas weather, fraud, and the rising cost of lawsuits also drive up the cost of insurance in Texas.

Maintain Good Credit

Credit information is one of many factors used by most insurers to determine insurance premiums because of the proven relationship between credit and the risk of claimed losses. It is important to maintain good credit and monitor your credit history. You can get a copy of your credit report by contacting the three main credit bureaus:

Experian www.experian.com

Equifax www.equifax.com

TransUnion www.transunion.com

Make Common Sense Claims

Once you’ve chosen an insurer, remember that insurance is for major losses, not regular maintenance of your home. Taking care of your house and using common sense with claims will keep your premiums in check.

Ask for Help

Ask for Help from local Independent Insurance Agents and their customer service representatives who are there to help you choose the best policy for your home. Don’t be afraid to ask questions, as your home is most likely your largest single investment so it is wise to insure it properly.

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