

## **Factors Influencing Home Insurance Cost**

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If choices are available, a home buyer should consider each home's insurance cost before making the final home buying decision. Factors for determining your homeowner's insurance premium include:

1. Condition and age of the house
2. Size of the house
3. Building construction type (brick, frame, stucco, etc.)
4. Information on any renovations done to the original construction
5. House location and distance to closest fire hydrant and fire station
6. Safety devices in the house (alarm systems, smoke detectors, sprinklers, etc.)
7. Whether house used full-time or part-time, such as a vacation home or seasonally rented to others
8. Flood and other natural disaster risks for house and area (flood, hurricane, earthquake, etc.)
9. Amounts of deductible and coverage limits and benefits chosen
10. Prior home insurance claims for the buyer and the home they are considering buying

Not surprisingly, older homes cost more to insure. They tend to cost more to repair and are more prone to claims frequency and severity. A new home will have new plumbing, heating and cooling systems, and electrical wiring as well as new appliances and plumbing fixtures. Keeping your older home well maintained will save you money in insuring it. Insurance companies calculate how much home insurance to sell you based on a home's square footage and features. Also not surprisingly, the larger the house, typically the cost to insure it increases. More risk to the insurance company must be passed on to you.

The more fire resistant materials your home is built with the better for receiving lower homeowner's insurance premium costs. Concrete, stone, and brick are safest, while frame houses built from wood are more prone to larger fire damage. Some less expensive exterior insulation finishing systems such as stucco and siding can be lacking in fire resistance to the point that insurance could be denied. Know the possible consequences of what you are buying. Renovations usually increase your home's value and cost to insure. All renovations need to be shared with the insurance agent for determining your homeowner's insurance premium.

Theft and other crime rate statistics for your area will be weighed in determining homeowner's insurance policy premium. The farther your house is located from a fire hydrant, fire station or police station, the higher your homeowner's insurance premium may be. House alarm systems, smoke detectors, carbon monoxide detectors, and sprinklers may reduce the cost to insure it. Better safety is good for you, your family, and ultimately your wallet. An often empty house, such as a vacation home or one rented seasonally to others, is more prone to burglary and therefore costs more to insure than a primary dwelling.

If your area is more likely to experience tropical storms and hurricanes, your homeowners insurance costs will be higher. High damage possibility from such weather, as well as a house in a flood prone area, will always increase an insurance company's risks and they must pass on the cost to the home owner.

You know the drill: accept a higher deductible and reduce your premium. Always be sufficiently insured though to cover the cost to rebuild. The prior home insurance claims history of the buyer and the home they are considering buying is considered. Claims free discounts are substantial with most home insurers.

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