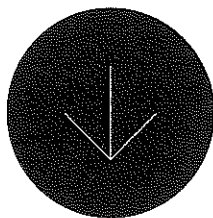


5 STEPS TO PROTECT YOUR HOME

Do you have enough homeowners insurance? Are you paying too much? We'll help you fine-tune your most important coverage to make sure your home and its contents are well-protected at the best price.

BY TOBIE STANGER

ILLUSTRATION BY SINEIAH



1. Close any gaps in your coverage.

There are no state-mandated requirements for homeowners coverage (as there are for auto insurance in most states), and a mortgage lender may only require you to insure for 80 percent of the replacement value of your home. But being underinsured could leave you on the hook for a significant sum, especially if you need to completely rebuild. For maximum protection, CR recommends that you insure for the full replacement cost of your house.

The value of the added protection is well worth the added cost, says Gary Blackwell, who owns an independent insurance agency in Corinth, Maine. "Instead of insuring a \$500,000 home for \$400,000," he says, "adding an additional \$100,000 in coverage for, say, roughly \$100 a year is a good deal."

Remember that a homeowners policy won't cover damage from normal wear and tear, which is why it's important

to maintain your home. For instance, your insurer would cover a leaky roof and related problems caused by a fallen tree limb, but it wouldn't cover damage caused by a roof that leaked because it was poorly maintained. Ditto for damage from infestations of pests, like termites.

2. Find ways to lower your premiums.

Try one or more of these proven ways to bring down the cost of your premiums.

SHOP AROUND. In our Summer 2018 homeowners insurance survey, more than 10,000 Consumer Reports members—out of more than 81,000 respondents—said they'd changed carriers in the previous three years. More than half of those who switched said they did so because they got a better price.

Some state insurance departments publish rate comparisons. Floridians, for instance, can go to floridians.com; Californians, to insurance.ca.gov. You can also get quotes from an independent agent who sells policies from several insurance companies. (Find one at independentagent.com.)

Comparison-shopping sites such as Insure.com, NetQuote, and SelectQuote are also good places to look for coverage. Note, though, that our top-rated companies—USAA (for military members,

veterans, and their eligible relatives) and Amica—use their own agents, and their homeowners insurance isn't included in shopping sites. You'll have to apply directly with each of them to get quotes.

"BUNDLE" COVERAGE. Purchasing your homeowners and auto coverage from the same company can provide savings of up to 30 percent overall.

RAISE YOUR DEDUCTIBLE. Higher deductibles equal lower premiums. Going to a \$1,000 deductible from \$500, for instance, can shave up to 25 percent off your premium, says the Insurance Information Institute, an industry organization.

MAKE HOME IMPROVEMENTS. Replacing old plumbing or adding a security system and water- or gas-leak detection sensors can each provide insurance savings of 2 to 6 percent or more. Replacing a roof with an impact-resistant one can save up to 35 percent in some states. Cutting back dry brush around dwellings and outbuildings in a fire-prone area can earn you a 5 percent break on your premium.

3. Boost your liability protection.

The liability insurance limit included in homeowners policies (to cover costs and damages resulting from lawsuits) usually starts at \$100,000. But depending on where you live, you could

COVER YOUR ASSETS

Options, add-ons, and separate coverages will increase the cost of a standard policy. But they could save you a lot of money in the long run.

SEWER BACKUP

This coverage would protect you if, say, a municipal line failure caused sewage to back up into your home, says Loretta Worters, a spokeswoman for the Insurance Information Institute. (Sewage backup could also be caused by tree roots growing into the sewer line.) The cost is \$40 to \$100 a year.

EARTHQUAKE, HAIL, AND WINDSTORM

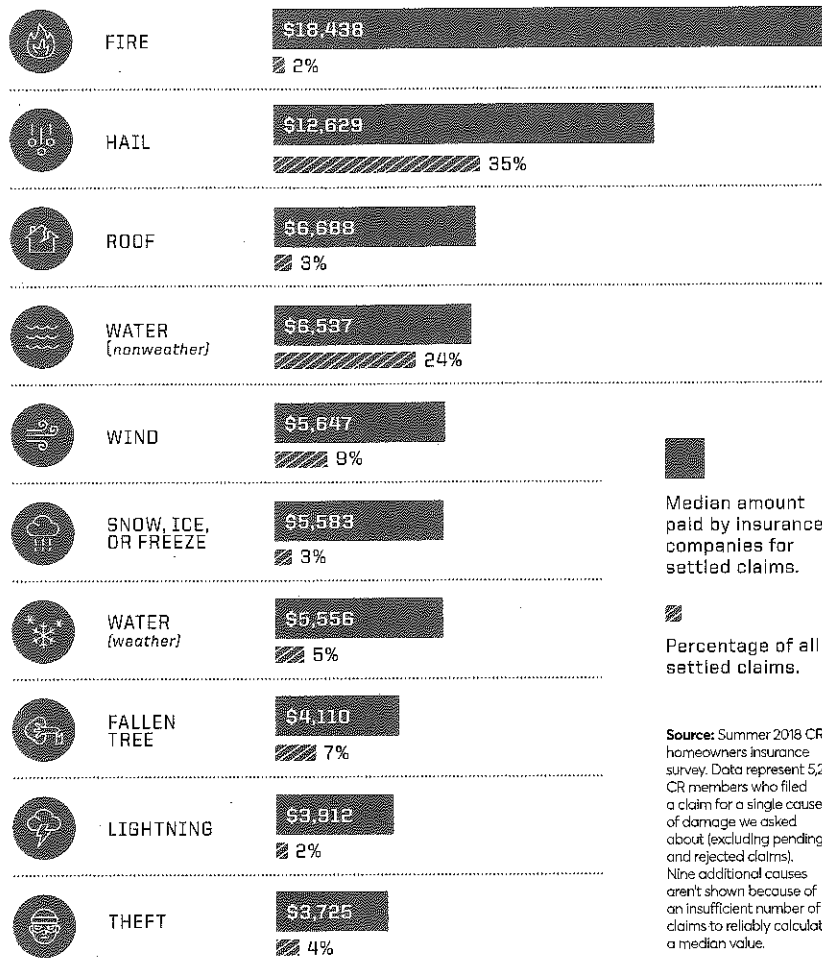
In our 2018 homeowners insurance survey, 6,940 CR members said they'd filed a claim in the past three years. According to those claimants, hail was the leading cause of damage. Depending on your state, you may have to pay a separate deductible for hail damage or buy stand-alone coverage.

The same is true for earthquakes and high-speed windstorms.

EXTENDED REPLACEMENT COSTS

This will pay 10 to 50 percent above the limit of coverage if building costs soar following a major disaster. Guaranteed replacement cost coverage is a pricier option, but one that

WHAT ARE THE MOST COSTLY CLAIMS?



ICONS: ELIAS STEIN

be sued for nearly all of your assets—including investments, real estate, and personal property. So increase your liability limit if the value of your assets exceeds \$100,000.

Your safest bet is to buy coverage worth at least as much as your assets. Umbrella or excess liability coverage can provide this added protection. It increases your liability protection beyond the limits of your home and auto policies in case you're sued for accidental injury or property damage. It can also cover additional perils, including lawsuits against you for libel or slander. To get it, you may have to raise the liability coverage limits on your auto and home policies first. A \$1 million umbrella liability policy generally costs a few hundred dollars a year. Buying more umbrella coverage can be cost-effective. State Farm, for instance, says that on average, raising \$1 million in coverage to \$2 million costs 75 percent of the additional premium.

4. Consider flood coverage, even in a low-risk area.

Homeowners policies will cover flooding only if it's caused by a pipe or other system that breaks in your home. Protection against flooding and mudflows originating from the outside

may pay to replace your home regardless of the cost. Benefits can vary depending on the state and insurance carrier, so be sure to check the details before purchasing.

CONTENTS REPLACEMENT COSTS

A standard policy may reimburse only the depreciated, or "actual cash value,"

of stolen or damaged home contents. To avoid having to pay the difference when replacing possessions, opt for replacement cost coverage. Document the contents of your home by making a video inventory of your possessions, and store it somewhere safe, such as in the cloud or on a thumb drive kept in a safe deposit box.

ADDITIONAL VALUABLES

Homeowners policies typically put dollar limits on what an insurer will pay to replace valuables such as furs, firearms, jewelry, and home-based business property. For instance, you'd get at most \$2,500 to replace stolen jewelry. (These lower limits often apply only to theft.) So buy a "floater" to supplement

coverage on costly items. Raising the limit on jewelry coverage to \$5,000 from \$2,500, for instance, costs about \$17 annually with State Farm.

ORDINANCE OR LAW ENDORSEMENT

These can provide the extra coverage required to pay for the cost of rebuilding in compliance with updated local

building codes, as can be the case when repairing or replacing an older home.

INFLATION PROTECTION

Make sure your policy includes an "inflation guard" feature or rider that automatically raises your coverage to reflect annual increases in home-building costs.

Ratings ➤ **Claim Check** CR members rate their experiences with providers of homeowners insurance.

Provider	Reader Survey Results						
	Overall satisfaction score	Damage amount	Agent courtesy	Timely payment	Promptness of response	Simplicity of the process	Ease of reaching an agent
Amica	94	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
USAA	92	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Auto-Owners	89	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Erie	88	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
MetLife	85	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
State Farm	85	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Auto Club Group	84	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Nationwide	84	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Travelers	83	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Farmers	83	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Allstate	82	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Hartford	82	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
Liberty Mutual	81	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️
American Family	75	⬆️	⬆️	⬆️	⬆️	⬆️	⬆️

HOW WE SURVEY: The ratings are based on responses from 6,940 CR members in our Summer 2018 survey who reported on satisfaction with their experience when they filed

a homeowners insurance claim. For the **Overall satisfaction score**, 100 means all respondents were completely satisfied, 80 means very satisfied, 60, somewhat satisfied, on

average. (Differences of fewer than 7 points are not meaningful.) Other rating categories under **Reader Survey Results** reflect average scores on a 6-point satisfaction

scale ranging from completely satisfied to completely dissatisfied. Findings reflect the experiences of CR members, not necessarily those of the general U.S. population.

must be covered by flood insurance. National flood insurance, provided by the federal government, insures dwellings for up to \$250,000 and contents for up to \$100,000; it's mainly sold through private agents. (You can buy additional coverage through a private flood insurance carrier.) While the average national flood insurance premium is about \$700 annually, the premium for a low- to moderate-risk property could cost an affordable \$325 a year. Given the price of coverage—and the fact that about a quarter of flood claims come from low- to moderate-risk areas—it's a worthwhile expense for many people.

Go to floodsmart.gov for an estimate of what it will cost to cover your home.

5. Be savvy about submitting claims.

Making multiple claims in a short period will probably trigger a rate increase or even cause your insurer not to renew your policy. "Making three claims in two years, for instance, shows you have a proclivity for claims," says Loretta Worters, a spokeswoman for the Insurance Information Institute.

Half of surveyed CR members who filed a claim in the past three years said they saw no subsequent premium

increase. Only 12 percent had hikes of \$200 or more annually. That suggests there's not much of a downside to filing a single claim. If you file infrequently, an insurer isn't going to raise your rate or decline to renew your policy as a result, Worters says.

Still, avoid making claims of just a few hundred dollars above the deductible, Gary Blackwell says. Doing so might erase discounts you're getting for remaining claim-free. If you're dealing with an independent agent, discuss the pros and cons with him or her before you report. As Blackwell points out, "We look at the entire picture."