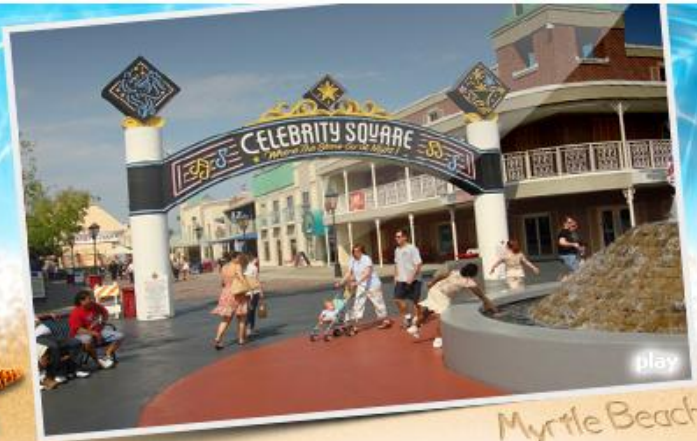


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Myrtle Beach

## How to Buy Homeowners Insurance

### **Not all insurance coverage is alike**

Homeowners' insurance is a necessity, something every property should have. If you have a mortgage, your lender will require coverage - and if your home is mortgage-free then you should have coverage anyway. But not all insurance coverage is alike. Policies and protections differ, and so do costs. In essence, you want the most protection for the least number of dollars.

To determine which policy is best for you, and to find out about other policies, make a list of valued possessions and the types of coverage you'd generally like to have -- and then sit down with an insurance broker to review what's included (and excluded) from each policy form and the other forms of coverage which may be available. You may find all the coverage you want in a general form, or you may determine that you need special coverage at extra cost. Real estate brokers, attorneys, fee-only financial planners, and CPAs can recommend local insurance brokers.

Once you have some names, what questions should you ask? Here are a few to get you started:

- What form works best in your situation?
- What is included under the form you select -- and what is excluded.
- Do you have a personal office at home? If yes, what is covered?
- Do you have a home-based business? If yes, you may require additional coverage specific to the type of business you operate. In this case, think in terms of clients dropping by, business equipment, inventory, etc.
- Do you have antiques and jewelry? What coverage are you getting? What coverage do you need?
- How much personal liability protection will the policy provide? What is the cost of additional coverage? What about an "umbrella" policy?
- If you have a loss, will coverage be for actual cash value or replacement cost? Have the insurance broker explain the difference.

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- What is the policy deductible? (Generally lower deductibles mean higher premiums, higher deductibles result in lower premiums.)
- How will the policy be paid? If your lender maintains an escrow account, the insurance policy will be paid by the lender -- remember, the house is security for the lender's mortgage. If you pay for property taxes and insurance directly, you will pay the bill. For details regarding escrow accounts and insurance requirements, speak with your lender.
- Is your home a historic property? If yes, what special coverages are required?
- When a policy says it covers "personal property" what does that term mean? What does it include and exclude?
- How can you reduce policy costs? For instance, if you buy auto and home insurance from the same source will your combined expenses decline?
- What home improvements can you make that would result in lower premiums?
- How are claims handled if you have a loss? For your protection, it's a good idea to photograph or video your home and special possessions -- and then keep such photography in a safe deposit box.

As seen in *Realty Times*