

INSURANCE TIPS FOR FIRST TIME HOME BUYERS

So you have now purchased your first home. What an exciting time! You probably have some plans on how you want to "make it your own." In making these plans you should consider the best way to protect your investment. As a first-time home buyer, are you aware that the purchase of a home is perhaps the biggest financial investment most folks make in their lifetime?

All of the paperwork involved can be confusing. The bank that is financing your new home will help when it comes time to close on the sale. But the bank's concern is protecting themselves. While they will require you to have Homeowner's Insurance, they will not give you any advice on how to best protect your new home. This is up to you! As a first-time home buyer, selecting the proper policy and coverages can be confusing.

What kinds of Insurance Policies can you buy?

There are 3 types of policies. These are based on the type of coverage provided.

- **Broad Coverage on your home and personal possessions.** This is a list of various kinds of losses that are covered by the policy. While this will cover the most common types of losses that can occur, it does not cover everything.
- **Broad Coverage on your personal possessions and All Risk Coverage on your Home.** While your personal possessions are covered for the most common types of losses, your home is covered for All Risk Coverage.
- **All Risk Coverage on your Home and Personal Possessions.**

How Much Coverage Should I Have on My Home?

In order to fully protect your home you need to consider insuring it for its Replacement Cost (rebuilding cost). To first-time home buyers this concept can be confusing. Just remember that in most cases the replacement cost will be different than what you paid for the house. If you purchased a new house these may be the same, but if you purchased an older house the replacement cost may be higher.

How is the Replacement Cost Determined?

Your insurance agent or insurance company will determine this based upon your home's size, type of construction, amenities, and other information.

What is covered by a Homeowner Insurance Policy?

- Your Home.
- The garage – whether attached or not. It can also cover any other detached buildings
- Your personal possessions. This includes your clothing, appliances, furniture, tools, outdoor equipment. Most policies will provide a limited amount of coverage when your possessions are away from your home.
- Additional living costs. When you have to move out while your home is being repaired after an insured loss, this repays for any increase in your normal monthly expenses.
- Someone is injured on your property.
- Your liability if you (or a family member) accidentally injure someone or destroy their property.

How Much Liability Coverage Should I Carry?

As a first-time home buyer this may be the most difficult to determine. You should consider carrying enough to protect the financial interest you have in your home and other equities (401K, investments, etc.).

What is a deductible and how does it apply?

A deductible is the amount of money you will have to pay when you have a claim for covered damage done to your house, garage, detached buildings or your personal possessions. A deductible does not apply to liability coverage.

Help for First Time Home Buyer is here!

We specialize in helping our customers in finding the most effective coverages and amounts of coverage needed. Call us we will discuss your options. Remember that if we also insure your cars you will **get a discount** on insuring your most valuable asset- your Home! Contact Haylor, Freyer & Coon, Inc. today at 800-289-1501 or www.haylor.com/personal/home