

Purchasing the House and Insurance

Congratulations, you are set to purchase your new home. Now you want to be sure you are getting the right insurance coverage at the lowest possible price. You should consider the following to get the most value for your insurance dollar:

■ Take the highest deductible you can afford

The higher the deductible, the lower the premium. Since most people only file a claim every eight to ten years, you will save money over time and preserve your insurance for when it's really needed.

■ Ask about available discounts:

- Multi-policy (home, car or other policies with the same company)
- Smoke detectors
- Fire extinguishers
- Sprinkler systems
- Burglar and fire alarms that alert an outside service
- Deadbolt locks and fire-safe window grates
- 55 years old and retired
- Long-time policyholder
- Upgrades to plumbing, heating and electrical systems
- Earthquake retrofitting to make the home safer
- Wind-resistant shutters

■ Get enough insurance

Take the time to properly insure your home. Make sure that you have enough coverage to:

- Completely rebuild the house in the event it is destroyed by fire or other insured disaster
- Replace everything in it
- Protect your liability in case someone is injured on your property and sues you

■ Ask about additional coverage for

- Replacement cost coverage for possessions
- Extended or guaranteed replacement cost coverage for the structure
- Building code upgrades
- Sewer and drain back-ups
- Inflation-guard
- Umbrella coverage for a pool or other high-risk items
- Special riders for jewelry, collectibles and expensive items

■ Flood, earthquake and windstorm risk

Damage caused by flooding and earthquakes is not covered by standard homeowners insurance policies. Instead, homeowners will need to pay an additional premium for coverage that is provided through the government's National Flood Insurance Program (NFIP). To get flood insurance, your community must participate in the NFIP program. Policies for coastal properties will have a sizeable windstorm deductible, which means the homeowner may be responsible for thousands of dollars of damage before insurance kicks in. It pays to know what is in your policy. Earthquake insurance is offered by private insurance companies. In California, coverage is available through the California Earthquake Authority, a state program, as well as the private market. It can be expensive and comes with a high deductible