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MONEY 101 LESSON 19: **Home insurance**

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Top things to know

1. You're a statistic.

To an insurer, you're not a person; you're a set of risks. An insurer bases its premium (or its decision to insure you at all) on your "risk factors," including your occupation, who you are, what you own, and how you live.

2. Know your home's value.

Before you choose a policy, it is essential to establish your home's replacement cost. A local builder can provide the best estimate.

3. Insurers differ.

As with anything else you buy, what seems to be the same product can be priced differently by different companies. You can save money by comparison shopping.

4. Don't just look at price.

A low price is no bargain if an insurer takes forever to service your claim. Research the insurer's record for claims service, as well as its financial stability.

5. Go beyond the basics.

A basic homeowners policy may not promise to entirely replace your home.

6. Demand discounts. Insurers provide discounts to reward behavior that reduces risk.

However, Americans waste some \$300 billion a year because they forget to ask for them!

In Lesson 19



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7. At claims time, your insurer isn't necessarily your friend.

Your idea of fair compensation may not match that of your insurer. Your insurer's job is to restore you financially. Your job is to prove your losses so you get what you need.

8. Prepare before you have to file a claim.

Keep your policy updated, and reread it before you file a claim so there are no surprises.

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