



Lone Star Insurance Agency

137 NW Ellison Burleson, TX 76028

Phone 817-426-2886 / Fax 817-426-2887

www.lonestarinsuranceagency.com

9 Ways You Can Save \$ on Your Homeowners Insurance and Provide Better Protection for Yourself and the People You Love!

Your home is probably your most valuable asset. *It is also a huge risk for you financially.* What if something happens to it? A fire? A flood? Vandalism? What if someone visiting you slips, falls and suffers a serious injury? And sues you? An accident like that could put a dent - or worse -- in your financial security. For most people, insurance is a mystery. They know they need to have insurance for their homes (mortgage lenders require it), but they don't understand the coverage provided by the policy. And they don't know which insurance companies offer the best -- the best! --prices. Because they don't understand the product, many people think insurance is a rip-off, **and it is -- if you pay too much or buy coverage you don't need.**

All homeowners insurance is not created equal. In fact, almost none of it is. *There are thousands of different products out there, from hundreds of insurance companies.* How do you find the insurance and the insurance company that are best for you? You read this special report and tap into our vast knowledge of the products and the companies that offer them.



Lone Star Insurance Agency

137 NW Ellison Burleson, TX 76028

Phone 817-426-2886 / Fax 817-426-2887

www.lonestarinsuranceagency.com

Replacement Cost or Actual Cash Value

Your homeowner's policy does not provide coverage for all potential catastrophes that could damage or destroy your home. ***Earthquake and flood are two "perils" for which there is no coverage.*** (You can get coverage for earthquake and flood damage in a separate policy or as an endorsement to your homeowner's coverage.) Also, there is no coverage for damage caused by water that seeps into your home from the ground. There are different ways to insure both the structure and your personal property. Let's take the structure first. **There are two types of coverage: replacement cost and actual cash value.** Replacement cost is better for you, the homeowner. Under replacement cost coverage, the insurance will cover the cost of replacing the part of the structure that is damaged, up to a maximum dollar amount. Under actual cash value, the insurance will cover the cost of replacing the damaged structure minus an allowance for depreciation. If you have an older home, that allowance could be quite significant. *Unless your policy specifically says it provides replacement cost coverage, the coverage is for actual cash value.*

So how much insurance should you have?

Basically, unless you want to pay some of the costs yourself, ***you should insure your home for what it would cost to rebuild it if your residence were destroyed.*** How do you find this out? In most cases your insurance agent can have an answer for you in no time. If you don't have an insurance agent -- and you should -- you can contact your local builders association. In the home construction world, building costs are calculated on a square foot basis. As such, to determine the cost to rebuild your home, take the square footage of your house and multiply by the average per square foot building rate in your area. Your possessions are also insured on a replacement cost or actual cash value basis. Again, unless specified otherwise, the coverage in your policy is actual cash value. **Homeowner's policies also have limits on coverage for such items as jewelry, fine art and computer equipment.** Read your policy and see what these limits are. For example, in most cases the standard policy will provide a maximum of \$500 coverage for your jewelry, watches and furs if it is lost or stolen. If you have lots of jewelry, fine art or computer equipment, you should consider purchasing a special personal property endorsement or "floater" that provides the coverage you need.

Speaking of need...

You need to take written and visual (still pictures or video) inventories of everything you own in your home and in other buildings on the property. Include all furniture (indoor and outdoor), appliances, stereos, computers and other electronic equipment, hobby materials and



Lone Star Insurance Agency

137 NW Ellison Burleson, TX 76028

Phone 817-426-2886 / Fax 817-426-2887

www.lonestarinsuranceagency.com

recreational equipment, china, silverware, kitchen equipment, linens, jewelry and clothing. For the major items (computers, televisions, stereo systems, etc.), write down the serial number, make or model number, purchase price, present value and date of purchase of each item. If you have the receipts for the items, attach them to the inventory. **Make at least two copies of the inventory and store one of those copies offsite -- a safe deposit box is a good place. Store the pictures or video of the inventory offsite as well.**

Is Your Coverage Adequate?

Did you know that a very high number of homes are significantly underinsured. Is yours one of them? We won't kid you. There's more to this insurance game than saving money. In fact, while it's nice to lower your insurance costs, it's probably even more important to make sure you, your loved ones and your assets are covered adequately. It's not a pleasant thought, but ***insurance is about worst-case scenarios. It's also about peace of mind, knowing that you have the worst-case scenarios covered.***

9 Ways to Save \$

Now that you know the basics of a homeowner's insurance policy, here are 9 ways you can pay less. In many cases, you can get the same level of coverage for fewer dollars.

1. Raise Your Deductible -- The deductible is the amount you pay before insurance kicks in if you have a claim. For example, if you have a \$250 deductible and you file a claim for \$1,000 in damage to your home, you pay the first \$250 and your insurer pays the balance, \$750. The higher the deductible you choose, the more you pay. Also, though, the higher deductible, the less you have to pay for your policy. **Generally speaking, you are much better off to carry a 1% deductible. What that means is your deductible would be 1% of the amount your dwelling is insured for.**

2. New Is Better -- Insurers really like newer homes. That's because it's less likely something will go wrong with the electrical, heating and plumbing systems. In addition, the structure itself is in better shape. *Insurers offer discounts of as much as 8% to 15% if your residence is new.*



Lone Star Insurance Agency

137 NW Ellison Burleson, TX 76028

Phone 817-426-2886 / Fax 817-426-2887

www.lonestarinsuranceagency.com

3. Location, Location, Location -- Where do you live and what is your home made of? What county do you live in? How far away from the fire department and fire hydrant are you. If your home is near a fire station, you will pay less for homeowners insurance. If you live in an area that is prone to flooding, you may be required to buy a flood insurance policy. If you are not required to buy the coverage and still live in a flood-prone area, your homeowners policy will not provide coverage for losses arising from flooding by natural rising waters.

4. Insure the House, Not the Land -- Nobody is going to steal your land. Fire and high winds won't "destroy" it. As such, when deciding how much homeowner's coverage to have, don't include the value of the land, only the value of the house and any other buildings on the property. *If you include the value of the land, you're paying too much.*

5. Don't Insure What You Don't Have -- Each year, you should review your policy to see what coverage you have for your possessions. If you have made a major purchase, you will want to increase your limits of coverage, **but what if you sell something or somethings, you don't need as much coverage.** Pay particular attention to items that are covered by endorsements or "floaters" to your policy, items such as jewelry and computer equipment.

6. Better Safe(r) Than Sorry -- Smoke detectors, burglar alarms and deadbolt locks are usually worth discounts of at least 3%. *You can get even bigger discounts, 15% to 20%, if you install a sophisticated sprinkler system or an alarm system that rings at the police station or a security company.* However, not all of these systems qualify for discounts. Before you install one, check with your insurer to find out what type of system qualifies for a discount and how much you would save on your premium if you installed the system.

7. Where There's Smoke . . . -- There's fire. *Smoking (unattended cigarette butts, etc.) produces more than 23,000 residential fires in this country each year.* That's why some insurers have discounts if all the residents in a home are nonsmokers.

8. Group Discounts -- Some insurers offer discounts to certain business or alumni associations. If you are a member of such an association or associations, ask the director(s) of the association(s) if there are any insurance companies providing discounts to association members.



Lone Star Insurance Agency

137 NW Ellison Burleson, TX 76028

Phone 817-426-2886 / Fax 817-426-2887

www.lonestarinsuranceagency.com

9. Don't File a Claim Unless You Know It Is Covered And It Will Exceed Your

Deductible – Insurance companies use a data base to keep track of all claims that customers file. This database is similar to what the credit companies do with credit reports. Even if nothing gets paid out or coverage is denied, once you file a claim it is still considered a claim. All companies look at the number and type of claims you have had when determining eligibility and when determining rates. Your current company could even non-renew your policy if you file 3 or more non-weather related claims in a three year period (even if they were all zero paid claims). Furthermore, if you get ready to sell your home and a buyer's insurance company sees too many claims on your home, the insurance company could deny to insure the home and this could create a problem for you trying to sell the home. To keep it simple, if you call your agent to ask a question about coverage, make it clear you do not want to file a claim unless you are certain it is covered and it will exceed your deductible. To find out more about this secret database contact us.

Independent Agent vs. Captive Agent

Be sure to call us and allow us to review your homeowner's coverage. As an independent agent we represent several different companies offering homeowner's insurance coverage. Many of these companies are highly competitive with the "name brand" captive agent companies who spend millions of dollars annually for television advertising. As you know, those companies have to pay for that advertising somehow (with your overpriced premiums). When you deal with an agent that only represents one company and has only one policy to offer, he's obviously going to tell you that what he has is the best thing for you.

*For more information contact:
Lone Star Insurance Agency
137 NW Ellison (behind DQ)
Burleson TX 76028
817-426-2886 Phone
817-426-2887 Fax
www.lonestarinsuranceagency.com*