

Homeowner's insurance basics

How is the cost of my homeowners insurance determined?

A number of factors determine the cost of your homeowner's policy, including the type of policy you choose, how much insurance you carry and the size of your deductible. The construction of your home or apartment is also a factor, as some buildings are more fire-resistant than others. Available fire protection in your community and where you live are also factors.

How can I reduce the cost of my homeowners insurance?

One way to keep insurance costs down while maintaining adequate protection for your family, property and belongings is to increase the size of your deductible. A deductible is the agreed amount by which, in the event of a covered loss or damage, the insurance company reduces the loss payment. For example, if you agree to a \$100 deductible on your homeowner's policy, you would be responsible for the first \$100 in damages and your insurance company would reimburse you for the balance of the loss up to the policy limit.

The higher your deductible, the lower your premium will be. Increasing your deductible to the level you can afford will reduce your insurance costs while still providing protection from large losses. You may also be eligible for lower premiums if you have certain protective devices installed in your home such as a burglar alarm, fire alarm, smoke detector, storm shutters or hurricane-resistant glass and doors.

How does an all-risk homeowner's policy differ from a named-peril homeowner's policy?

All-risk policies generally insure against more losses or damages than named-peril policies by insuring against every direct cause of physical loss or damage except those excluded in the policy, such as losses due to flood or war. A named-peril policy covers only losses or damages resulting from perils named in the policy contract. A peril is an event such as a fire or vandalism that causes damage to your home or property.



What should I be aware of when I permit contractors to perform work at my residence?

A homeowner has a legal duty to provide a safe premises for invited guests and even trespassers. Neighbors certainly have a right to expect that activities on the premises will not be harmful to their person or property. Consequently, a homeowner could be held liable for bodily injury or property damages involving a contractor's activities, either because of the homeowners own negligence or the contingent responsibility for hiring a negligent contractor. Such protection is provided by the liability coverage of a homeowner's policy. However, you will not want your policy to respond as primary coverage. We recommend that you verify (usually by certificate of insurance) that the contractor has general liability coverage in effect before performing the work. And since no workers' compensation coverage for a contractor is provided by your homeowner's policy, it is all the more important to verify that the contractor carries the required workers' compensation coverage.

Your Professional Insurance Agent ... We want you to know about the insurance you're buying.

NY 9/98