



CAVALLO &
SIGNORIELLO
INSURANCE AGENCY



EBOOK

Your Homeowner's Insurance Checklist

14 Questions to Ask Before
Purchasing a Policy

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Introduction

Whether you're a first-time homeowner or seasoned buyer, there's a lot to consider when shopping for the right insurance policy for your home. In order to choose the company and coverage that are the best fit for you, it's important to know what questions to ask when shopping around.

From determining how much insurance is enough (or too much) and what coverages are included to knowing what the claims process looks like and what happens to your policy when you sell your house, asking the right questions can help prepare you for every scenario. If you're not sure where to start, that's ok — you have this eBook to help you out. Keep reading for all the questions you need to start your home insurance journey the right way.



QUESTION 1

Do I really need homeowner's insurance?

Whether or not you'll be required to have homeowner's insurance depends on one main factor — how your home is financed. The majority of lenders will want to protect their investment, so if you have a mortgage (or if you've refinanced your home in any way), it's almost certain that you'll need to have insurance.

Another scenario where insurance may be required is if you purchase a condo or a property that's part of a co-op. In these cases, either the condo association or the co-op board is likely to require all owners to have home insurance policies, as units are typically part of a larger complex.

However, if you own your home outright, then there's no obligation to have insurance — though going without is highly inadvisable. Chances are, your home is your most valuable asset, and it's in your best interest to protect it from unnecessary risk.

QUESTION 2

How much coverage do I need?

Should the worst happen, you'll want to be sure that your policy is robust enough to cover all your losses. Finding out the hard way that you have an insufficient policy is the last thing you want, which is why it's crucial to factor in the following considerations when initially determining the coverages and limits you need:

THE COST OF REBUILDING YOUR HOME

When determining this figure, you should at the very least take construction costs in your area and the size of your home into account. Other variables that can impact rebuilding costs include materials used, if your home has any custom-built features, what additional structures you have on your property, and whether you've made renovations or improvements. Even though your insurance agent will recommend certain coverage limits for your home, it's always a good idea to calculate your own rebuilding costs — and if you plan on staying in your home for a while, it may make sense to consider adding an inflation guard clause.

WHETHER YOUR HOME IS UP TO CODE

It's possible that building codes have changed significantly since your home was constructed. In the event that you need to rebuild or make extensive repairs, you must accommodate any new rules, which can lead to added expenses that aren't typically covered under a standard homeowner's policy. Adding Ordinance or Law coverage to your policy can help defray these costs.

THE VALUE OF YOUR PERSONAL POSSESSIONS

A homeowner's policy also includes coverage for your belongings. To ensure that you properly insure these items, you'll need to ascertain their value, which is why it's recommended to carry out a full

inventory of your home. As you go, make special note of the more expensive things as standard policies limit coverage for valuables such as jewelry or collector's items. If you have several of these types of belongings, it may make sense to consider adding special endorsements, which raise the insurable amount, to your policy.

Depending on your situation, you may want to add extra coverages to your policy — such as for additional living expenses and liabilities (more on these later) — as a standard homeowner's insurance policy might not be sufficient.



QUESTION 3

Which insurance company is right for me?

With so many insurance companies vying for your business, narrowing down your options can be exhausting. To make the process easier and faster, many people end up selecting the insurer that offers the lowest premium. But while policy price is an important consideration, it shouldn't be the only one that matters.



When evaluating potential insurance providers, it's also a good idea to pay attention to:

REPUTATION — Is the company well respected within the industry? Is it financially stable? Thoroughly research each insurer you're considering by reading customer reviews, learning more about their track record, and seeing what trusted industry organizations have to say about them.

AVAILABLE COVERAGE OPTIONS — Each insurer is different, with some offering a more comprehensive selection of coverages and products than others. Do some digging to find the companies whose policies most closely line up with your needs or the ones who are able to create customized plans.

CUSTOMER SERVICE — From purchasing your policy to submitting claims, you'll most likely be working

closely with not only your agent but a whole cast of customer service representatives as well. To be sure these interactions remain pleasant and helpful, it's always a good idea to choose an insurer that is known for efficient and friendly service.

EXCLUSIONS — There are certain events, conditions, and situations that an insurance provider may not cover. These exclusions can include anything from pools to trampolines to pest infestations, and while some are universally not covered by standard homeowners' insurance policies (such as floods), others may be included depending on the insurer. Exclusions occur at the discretion of the insurance company, so you should always check to make sure the one you choose offers the coverages you need.



QUESTION 4

What does a homeowner's insurance policy cover?

Today, it's an accepted industry standard for a homeowner's policy to include four basic types of coverage:

Dwelling coverage protects against damage to the physical structure of your home in the event of a covered loss.

Property coverage insures your personal belongings should they be stolen or irreparably damaged during a covered event (for example, a fire or hurricane).

Liability coverage protects you in the event that you or any members of your household (including pets) cause bodily harm to other people, resulting in a lawsuit. It's also important to note that this coverage extends to incidents that occur outside of your home.

Additional living expenses coverage kicks in if you need to find other housing while your home undergoes repairs from damage sustained during a covered disaster.



QUESTION 5

What doesn't a homeowner's insurance policy cover?

As we mentioned previously, there are exclusions (certain circumstances and events that insurance companies don't cover) to standard homeowners' insurance policies. Even though exclusions are determined at the provider level, you'll find that many insurers maintain similar lists of omissions. Typically, basic policies don't provide coverage for:

- Damage suffered due to major natural disasters (e.g., earthquakes and floods)
- Damage that occurs as a result of property neglect
- Trampolines
- Ownership of certain dog breeds
- Home-based businesses
- Valuables worth more than \$1,500 per item

Does this mean that exclusions are uninsurable? Not always — many can be rolled into your policy by purchasing additional, specialized coverages.

QUESTION 6

Should I add specialized coverages to my policy?

If you find that you need coverage for something that's not included in a standard home insurance policy, the good news is that you can most likely still get the coverage you need through a rider. Riders are coverages that protect against perils that aren't typically included in insurance policies and are essential if you own priceless antiques or live in an area that's prone to floods, for example.



Whether or not it makes sense to invest in these types of coverages will depend on your unique situation and risk tolerance, but commonly added riders include:

Building code coverage — Helps pay costs associated with any repairs made to comply with building codes after a covered event

Business property coverage — Protects any items you store in your home that are used as part of a business

Earthquake insurance — Covers losses and damage to your home, personal belongings, or other structures on your property caused by an earthquake

Flood insurance — Protects against direct physical losses that occur as a result of flooding

Identity theft coverage — Reimburses you for the costs incurred in the aftermath of identity fraud, including legal fees and lost wages

Scheduled personal property coverage — Increases coverage limits for items valued above certain thresholds and protects against loss or misplacement of covered possessions

Water backup coverage — Helps with the cost of repairs needed after certain types of water damage, including as a result of a backed-up drain or pump

QUESTION 7

What is flood insurance and what does it cover?

When shopping for homeowner's insurance, it's important to keep in mind that flood damage is not covered by standard policies. To protect your home from floods, you'll need to add a flood insurance rider or find an alternative provider of flood insurance (such as the [National Flood Insurance Program \(NFIP\)](#) or another private insurance company) if your chosen insurer doesn't offer it. Some insurance companies have a waiting period before flood policies take effect, so if you're planning on taking out flood insurance, it's best to secure coverage as soon as possible.

It goes without saying that if you live along the coast or within a designated flood zone, flood insurance is a must. However, flash flooding can occur almost anywhere, so even if you don't live in one of these areas, adding flood coverage to your policy is recommended.



The NFIP is one of the largest flood insurance providers in the country and offers two different coverage types: building coverage, which insures the physical structure of your home (extending to electrical systems, plumbing, the foundation, built-in appliances, furnaces, etc.) up to \$250,000 and contents coverage, which protects your personal belongings up to \$100,000.

It's important to note that the NFIP does not extend either of its coverages to finished basements, so if you need protection for your basement living spaces (or coverage that extends beyond the NFIP's limits), looking elsewhere for coverage is recommended.



QUESTION 8

What is ALE coverage and what does it include?

ALE, or additional living expenses coverage, is a type of insurance that comes into play when your home is damaged as a result of a covered event (such as a fire). If the repairs needed are extensive enough to render the residence uninhabitable, you'll need to find a place to live while those repairs are made. With ALE coverage, you'll be reimbursed for the costs you incur over the period of time that you're displaced.

So, exactly what expenses does ALE cover? Typically, hotel and restaurant bills are always covered, but your policy may also reimburse:

- Laundry costs
- The rental of certain furniture
- Moving expenses
- Pet boarding costs

QUESTION 9

How much personal liability coverage do I need?

As part of your standard homeowner's policy, personal liability insurance covers accidental injuries to others or harm to property that's caused by you or other members of your household — either on or off your property.

For example, if the family dog bites a visitor, a tree on your property falls onto your neighbor's roof, or someone trips and falls in your home, your personal liability insurance will cover the expenses from any lawsuits the injured parties file against you. These can include:

- Judgements
- Settlements
- Legal costs
- The injured party's medical bills or lost wages

Most home insurance policies come with limits of at least \$100,000, but depending on your circumstances, this amount may not be sufficient. Lawsuits are expensive and can quickly exceed your policy's limits under the right conditions, so it might make sense to increase your coverage.



How much liability insurance you need depends on factors such as:

The overall value of your assets — If you have significant savings and other assets, you may be a more attractive target for a lawsuit.

The number of potential hazards you have in your home — Owning a pool, trampoline, pets, or other large animals increases the risk of injury.

How often you host guests — Frequently having visitors, whether they're personal acquaintances or event attendees, can open the door for accidents to occur.

QUESTION 10

Can I bundle my homeowner's insurance with other policies?

Yes! Bundling, or taking out multiple insurance policies with the same company, is not only a great way to consolidate all of your different insurances (i.e. homeowner's or renter's, umbrella, auto, motorcycle, etc.) into one account, it can also help you save money.

Generally, insurers offer discounts for customers who choose to bundle their policies, with some advertising savings of up to 25%. As you research potential insurers, be sure to make note of which ones offer the best deals.

QUESTION 11

Does my policy include coverage for my shed?

Homeowner's insurance policies typically include what's known as "other structures" coverage, which protects certain buildings and structures (but not the items stored within them) built on your property that aren't part of the main residence.

Some examples of covered structures include:

- Sheds
- Fences
- Driveways
- Barns
- Greenhouses
- Docks
- Mailboxes
- Detached garages
- Guest houses

Depending on your provider, this list may include your pool (if you have one). However, your in-ground pool can sometimes fall under dwelling coverage if it's connected to your home, either as an indoor pool or by an outdoor walkway. If you have an above-ground pool instead, it may be protected by your personal property coverage.

It's important to know which part of your policy covers your pool, so it's always best to double-check with your insurer.



QUESTION 12

What happens when I file a claim?

In the moments directly after an incident or loss event, the last thing you want to worry about is figuring out the ins and outs of claim submission. That's why it's always best to be proactive and learn what the process entails ahead of time, so you'll be ready to take action when the situation demands.

Part of being prepared is knowing what your policy covers — and what it doesn't — so take some time to familiarize yourself with its details, including deductibles, as you'll need this information to help determine whether filing a claim makes financial sense when compared to the expected cost of repairs.

If you determine that submitting a claim is your best course of action, there are a few things you'll need to do to ensure that the process moves forward as smoothly as possible. These to-dos include:

- Getting a police report (if the damage to your home was a result of a crime)
- Documenting the damage
- Contacting your insurance company
- Making any repairs that prevent further damage to your home
- Getting estimates from contractors
- Keeping detailed records

Once your claim is filed, your insurance company will send an adjuster to your home to survey the damage and determine your settlement amount.

QUESTION 13

What happens to my policy if I sell my house?

Since your homeowner's insurance is specific to the property you own, you'll need to cancel your existing policy and take out a different one on your new home if you move. Why? All homes have a unique set of risks, meaning that the coverages you had for your previous home aren't transferable. Your new policy will include the exact protections you need based on the circumstances your new home presents.

QUESTION 14

How can I save money on homeowner's insurance?



Ultimately, what you end up paying for homeowner's insurance depends on several different factors, one of which is the company you choose. Premiums (the amount you pay each month for your policy) vary between insurers, sometimes by hundreds of dollars, which is why you should always shop around for the best rates when narrowing down your options.

In addition to this, there are other techniques you can use to lower your premium, including:

Raising your deductible — Your deductible is the amount you need to pay before your insurance kicks in to cover losses, and however high or low this number is has a direct effect on your premium price. The higher your deductible, the lower your premium, and vice versa.

Refraining from filing small claims — Did you know that filing a claim can make your premium rise? Because of this, it's best to avoid submitting small claims.

Asking for available discounts — When in doubt, just ask! The best case scenario is you'll save some money on your insurance, and the worst is that they'll say no.

Bundling other insurance policies — It's worth mentioning again: You could save up to 25% in some cases by bundling policies, so this is a worthwhile option to look into.

Avoiding "attractive nuisances" — Trampolines, pools, other water features, and playground equipment are all examples of things on your property that can potentially entice and cause harm to children. One other characteristic they all share? They increase the price of your insurance.

Invest in improvements that make your home safe — Adding features such as fire alarms, carbon monoxide detectors, or security systems shows your insurer that your home presents less risk, potentially lowering the cost of your premium.



CONCLUSION

Find Your Homeowner's Policy With C&S Insurance

When you don't know where to begin, shopping for homeowner's insurance can seem challenging. But now that you know what questions to ask during your search, you'll be better prepared to find the policy that's right for you and your home.

If you still have questions about your home insurance policy or need help finding one that fits your needs, we're here to help. With decades of experience and access to a well-connected industry network, you can count on our team of insurance experts to find the policies you need. Ready to get started? [Contact C&S Insurance](#) today.

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