

Special Report for Homeowners
Insurance Insider Reveals Little-Known Secrets:

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

By Gregory A. Culver, CLU, ChFC

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 my vast knowledge of the products and the companies that offer them.

I am an insurance "insider." A licensed member of the "club." I've sold the product. **I know what kind of insurance fits your needs. And I know what insurance companies sell this kind of insurance at the best -- lowest! -- price.** Because I've specialized in the

insurance needs of homeowners and their families, I have decided to dedicate myself to solving for you some of the mysteries of homeowners insurance.

Replacement Cost or Actual Cash Value

Your homeowners 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 homeowners coverage.) Also, there is no coverage for damage caused by water that seeps into your home from the ground. You do have coverage for losses related to fire, smoke, lightning, wind storms, hail, explosions, vandalism and theft.

There are different ways to insure your home, 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? 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. **Homeowners policies also have limits on coverage for such items as jewelry and fine art.** Read your policy and see what these limits are. For example, the standard policy will provide a maximum of \$1,000 coverage for your jewelry if it is stolen. If you have lots of jewelry or fine art, 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 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 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.**

10 Ways to Save \$

Now that you know the basics of a homeowners insurance policy, here are 10 ways you can pay less. In many cases, you can get the same level of coverage for fewer dollars.

1. **One Insurer, Multiple Policies** -- Do you have an automobile insurance policy? If so, is it with the same insurance company that provides your homeowners insurance? If the answer's no, *you're paying too much -- for both policies*. Almost every insurance company that sells homeowners insurance wants its policyholders to also buy auto insurance from that company. These insurers offer so-called multi-policy discounts. Usually, *these discounts are at least 10%* -- and some insurers apply the discounts to both the auto and the homeowners/renters policy.
2. **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. **Depending on the insurance company, you can save between 12% and 37% if you have a deductible of \$500 to \$5,000.**
3. **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.*
4. **Location, Location, Location** -- Where do you live and what is your home made of? If you're in the Eastern United States, it's better from an insurance perspective to have a brick or masonry residence because such a structure has a greater resistance to wind damage. By contrast, frame homes are better in the earthquake-prone West. *The right structure in the right region can save you 5% to 15%.* Further, 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, which costs about \$400 a year. 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.
5. **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 homeowners 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.*

6. **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 something's? 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 fine arts.

7. **Better Safe(r) Than Sorry** -- Smoke detectors, burglar alarms and deadbolt locks are usually worth discounts of at least 5%. **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.

8. **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.

9. **Don't Jump Around** -- If you've been with an insurer for a while and you like that insurer, stay put. **Some insurance companies automatically have discounts for policyholders who have been with the companies for a certain number of years.** For example, 5% for at least three years, 10% for at least five years.

10. **Buy The Best Value** -- After all, you are not buying a cheap rate, you are buying **Coverages, Service, Rate Stability, Insurance Company Strength, Fast and Fair Claims Settlement, and the services of your agent.** Rarely will all of the aforementioned be included in the cheapest policy but by definition all will be included in a policy of the "best value." Ask first about coverages, service, etc... Selecting the best value never has been nor will it ever be about rates. Price is at best of secondary importance and during a claim it is not important at all. In fact price never was important, but getting the best value is.

Is Your Coverage Adequate?

I 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.***

Because I know peace of mind is so important, I am willing -- actually, I'm excited -- to reveal to you the secrets about insurance. ***Secrets that ensure you have all the protection you need.***

Why would I just give these secrets away? Because it's just as good for my business as it is for you. I want to let you in on the knowledge I have accumulated as an insurance industry professional and insider. I want to do this because I have found, time and time again, that generosity and the willingness to provide really great service come back to me. Tenfold. In fact, that's how I have built my business.

Three Steps to Protection

There are three basic steps you can take to protect your and your family's financial well-being:

1. **Have an insurance specialist conduct a risk analysis of your home, car(s) and family.** How can you adequately address your risks with insurance if you don't even know what these risks are? I've found that most people face more risk than they know. Because everyone is different, it's not like you can ask a friend or relative to assess your insurance needs -- unless they are insiders in this business. *If you haven't had your risks assessed by an insurance professional, you could be inviting financial disaster.* You need a professional, a knowledgeable insurance insider, to put together a comprehensive insurance plan that truly protects you. Our office will do that for FREE.
2. **Use an independent agent.** There are several ways home insurance is sold in this country. Some people buy it by calling a toll-free number and talking to an employee of an insurance company. Others take advantage of direct mail offers. And some buy from agents who represent just one insurance company. *A direct mail piece is not going to be able to assess your level of risk. Do you really want an insurance company employee to be your agent? And what happens if the agent who represents just one company doesn't have the kind of insurance coverage you need?* You need someone who's going to work for you. And you need someone who can offer you several options. Someone who can go to numerous insurance companies and compare their products and prices. Someone who, if necessary, can place parts of your insurance program with more than one company. Do you want a good price? Do you want options and flexibility? And do you want protection against worst-case scenarios? There's only one option here: Use an independent agent.
3. **Don't trust the financial protection of you, your family and your assets to an insurance agent who is not a homeowners insurance specialist.** A specialist? Absolutely. Look, insurance is a huge industry. *There's insurance for everything. And nobody can specialize in all of it.* In fact, a professional independent agent can specialize in only a few niches -- and really understand them. And I do. I've studied the homeowners insurance market in our community for years.

I know:

- ◆ Which homeowners insurers have the best rates.
- ◆ Which give the most discounts.
- ◆ And which provide the best claim service.

I will give you this information for FREE. No charge. No obligation. I do this because I've built my business on my reputation. I never hard-sell insurance. I'm in the service business. The better service I provide, the better it is for all of us.

My clients stay with me because of my service – and they refer me to their family and friends.

I believe I serve families in our community better than anyone in this area -- in any profession. I believe this because I spend a lot of time with my clients, determining their needs, their level of risk, and finding the perfect insurance program for them.

So if you want to protect yourself, your family and your assets from a crisis or catastrophe or just see if you can save money on your insurance, call my office. My staff and I will be glad to help.

**Call Gregory A. Culver, CLU, ChFC at (301) TRY-ERIE or (866) TRY-ERIE
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