

Tips to Purchasing HOME INSURANCE



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1

EVERYONE SHOULD HAVE HOME/RENTERS INSURANCE

Homeowners need to purchase home insurance to protect their homes and personal property in the event of a loss caused by a covered peril such as fire, wind, hail, water, theft etc. When financing a home through a financial institution they will require you to have coverage in place to protect the loan in case of a total loss. Be sure to begin your home insurance search well before your closing date is scheduled. Those who rent also need renters insurance to protect their personal belongings. In addition, everyone should seek protection against liability for accidents which may cause an injury to other people or damage to their property.

2

DECIDE HOW MUCH COVERAGE YOU NEED

When preparing quotes, agents will use Replacement Cost Estimators to determine how much it will cost to rebuild your home in the event of a total loss. In most cases, your lender will want you to purchase a policy which covers at least the amount of your mortgage. It is important to remember, the amount of coverage you purchase for your house and contents will factor into your annual premium amount.



3

REPLACEMENT COST VS ACTUAL CASH VALUE

Depending on certain circumstances, you may have the option to insure your home and belongings for either replacement cost or actual cash value. Replacement cost is the amount it would take to replace or rebuild your home or repair damages with materials of similar kind and quality with today's material and construction costs. It is important to insure your home for at least 80% of its replacement value. Actual Cash Value (ACV) is the amount it would take to repair damage to your home after depreciation is considered. ACV policies may be less in premium, but you may not get the payout you need to fix damage to the home.

4

COMPARE DEDUCTIBLES

A deductible is the amount you have to pay out of pocket on each claim on your home and personal property. Your agent will be able to quote you a variety of deductible combinations. Make sure you are comfortable paying this deductible in the event of a loss. In most cases, the higher your deductible amount the lower your annual premium.

5

READ YOUR POLICY CAREFULLY

A homeowner's policy is a legal contract. When you purchase homeowners insurance you will receive your policy in the mail. You should read through the policy to make sure you understand your coverage and responsibilities as the insured. Keep your policy and agent information in a safe place in case you should need it.

6

REVIEW YOUR HOMEOWNERS POLICY ANNUALLY

Each year you will receive a renewal policy declarations page in the mail. Be sure to review your policy information and contact your agent with any questions or changes. You want to be sure you have updated coverage amounts to cover additions and updates done to the home. Be sure to ask your agent about discounts such as bundling your home and auto with the same company, installing dead bolts or alarm systems, or replacing your roof.

Dakotaland Community Insurance has a wide selection of Insurance Companies available to help you find the best coverage for your home. We have agencies located in Huron, De Smet and Brookings. Please contact the agency nearest you for a free, no obligation quote today.

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