



MORTGAGE POST

Volume 2, Issue 12
March 2011



Alyssa Yang, AMP
M08010954

Mortgage Centre

Phone: 905-879-3359

Fax: 905-879-9969

Cell: 416-825-0096

Email: alyssa@alysayang.com
Websites: www.alysayang.com
www.mortgagecentre.com/alysayang

Insurance Tips For Homeowners -Glenn Curtis Investopedia

Homeowners' insurance isn't a luxury, it's a necessity. In fact, most mortgage companies won't make a loan or finance a residential real estate transaction unless the buyer provides proof of coverage for the full or fair value of the property (most of the time this is the purchase price). In this article, we'll show you some simple actions you can take to make sure your homeowners' insurance is sufficient for your needs.

Homeowners' insurance can be very expensive. Those that live in high-risk areas such as close to major waterways, known earthquake fault lines or other high claims areas will pay the most for coverage. In fact, those in high-risk areas are often forced to pay annual premiums in the many thousands of dollars. But even homeowners in relatively sedate, suburban neighborhoods (with property values around the national average of \$210,000) could pay between \$500 and \$1,000 a year for a basic policy.

The good news is that although you can't (and shouldn't) avoid purchasing homeowners' insurance, there are ways to minimize the cost. Here are six ways to make sure you get the right coverage and consequent compensation for your home:

1) Maintain a Security System and Smoke Alarms: A burglar alarm that is monitored by a central station, or that is tied directly to a local police station, will help lower the homeowner's annual premiums, perhaps by 5% or more. In order to obtain the discount, the homeowner must typically provide proof of central monitoring in the form of a bill or a contract to the insurance company.

Smoke alarms are another biggie. While standard in most modern houses, installing them in older homes can save the homeowner 10% or more in annual premiums. Of course, even more importantly, in case of fire, they could save your life!

2) Raise Your Deductible: Like health insurance or car insurance, the higher the deductible the homeowner chooses, the lower the annual premiums. However, the problem with selecting a high deductible is that smaller claims/problems such as broken windows or damaged sheetrock from a leaky pipe, which typically will cost only a few hundred dollars to fix, will most likely be absorbed by the homeowner. What does this mean for you and I?

3) Look for Multiple Policy Discounts: Many insurance companies give a discount of 10% or more to their customers that maintain other insurance contracts under the same roof (such as auto or health insurance). Consider obtaining a quote for other types of insurance from the same company that provides your homeowners' insurance. You may end up saving on two annual policy premiums.

4) Plan Ahead for Construction: If the homeowner plans to build an addition to the home or another structure adjacent to the home, he or she should consider the materials that will be used. Typically, wood-framed structures (because they are highly flammable) will cost more to insure. Conversely, cement- or steel-framed structures will cost less because it is less likely to succumb to fire or adverse weather conditions.

Contents

Special Interest Articles

Insurance Tips for Homeowners

Individual Highlights

Quotes 3

Cooking Corner 3

The Mortgage Post is a newsletter for your information and enjoyment. Receive the latest in mortgage news and advice. Add some quick recipes to your cookbook.

Find me on the Web:
www.alysayang.com

To subscribe a friend or family member to the Mortgage Post email: alyssa@alysayang.com

Your Mortgage is my focus! Serving all GTA.

Another thing that most homeowners should, but often don't, consider is the insurance costs associated with building a swimming pool. In fact, items such as pools and/or other potentially injurious devices (like trampolines) can drive annual homeowners' insurance costs up by 10% or more. This may seem like a small price to pay given the joy these items bring, but it is still something that should be considered by the homeowner prior to purchase or construction.

5) Pay Off Your Mortgage: Obviously this is easier said than done, but homeowners that pay off their mortgage debts will most likely see their premiums drop. Why? The simple reason is that the insurance company figures that if you own the home outright, you'll take better care of it.

6) Make Regular Policy Reviews and Comparisons: Investors should, at least once per year, compare the costs of other insurance policies to their own. In addition, they should review their existing policy and make note of any changes that might have occurred that could lower their premiums.

For example, perhaps the homeowner has disassembled the trampoline, paid off the mortgage, installed a burglar alarm or installed a sophisticated sprinkler system inside his or her home. If this is the case, simply notifying the insurance company of the change(s) and providing proofs in the form of pictures and/or receipts could significantly lower insurance premiums.

Look for changes in the neighborhood that could reduce rates as well. For example, the installation of a fire hydrant within 100 feet of the home, or the erection of a fire substation within close proximity to the property may lower the homeowner's annual premiums.

Additional Items

The following are characteristics that all homeowners' insurance policies should carry:

- **Guaranteed Replacement Value Insurance:** All homeowners should buy "guaranteed replacement value" homeowners insurance. This means that their home will be rebuilt in the event of a disaster - no matter what the cost. Of course, many of you may be thinking that this is what would happen anyway, right? Wrong. Because home values have increased substantially in recent years, it probably costs more to build a house than when you originally purchased your home and your insurance policy. The good news is that guaranteed replacement value policies will absorb the increased costs and provide the homeowner with a cushion if construction prices increase.
- **Endorsements:** Legally speaking, an endorsement is an amendment to the basic homeowner's policy. Practically speaking, it is a way for homeowners to ensure that their high-priced possessions will be insured in the event of a disaster. For example, a woman wanting to insure her diamond engagement ring would obtain an endorsement to her homeowners' policy in order to prove not only that she owned the ring, but also its value. She would do this by obtaining a formal appraisal of the ring from a jeweler, and then sending the appraisal to the insurance carrier for special notation on the insurance contract. Formal endorsements such as these will help in the claims process and ensure that the homeowner gets the full dollar value of the item if it is lost, stolen or damaged in a disaster. Typical items that are endorsed in addition to jewelry include furs, antiques and collectibles.

Wrapping It All Up

To avoid any discrepancies and any delays in receiving your insurance money for your home, make sure you document everything. Photograph and videotape the entire contents of your home and the home itself. Then store these photos and videotapes in a fireproof box. In addition, consider storing a copy of the photos at a relative's house, and/or in a safety deposit box. Doing this will help homeowners compile an inventory of their possessions (which is what the insurance company will demand) after a disaster. It will also, by extension, dramatically shorten the length of the claims process if a disaster does occur.

Homeowners' insurance is a necessity. There are ways to save money, but there are also some features that homeowners shouldn't skimp on. Make sure you know the difference.

“ If you can't fly, run. If you can't run, walk. If you can't walk, crawl. But by all means, **keep moving.** ”
Martin Luther King, Jr. (1929–1968) American civil rights leader

“ Talent is a dreadfully cheap commodity, cheaper than table salt. What separates the talented individual from **the successful one** is a lot of hard work and study. ” **Stephen King (1947 –)** American writer, hard worker

The difficult is what takes a little time; **the impossible** is what takes a little longer. ” **Fridtjof Nansen (1861–1930)**
Norwegian explorer Nobel Prize winner

“ I believe in **hard work.** It keeps the wrinkles out of the mind and spirit. ” **Helena Rubinstein (1872–1965)**
Polish cosmetics industrialist

“ **Facts** do not cease to exist because they are ignored. ” **Aldous Huxley (1894–1963)** English writer

“ Pretend that every single person you meet has a sign around his or her neck that says, '**Make me feel important.**' ”
Mary Kay Ash (1918–2001) American businesswoman

COOKING CORNER



Thai Chicken with Basil

1 1/3 pounds boneless, skinless chicken breasts
(about 4), cut into 1-by-2-inch pieces
2 tablespoons Asian fish sauce (nam pla or nuoc
mam)*
1 1/2 tablespoons soy sauce
1 tablespoon water
1 1/2 teaspoons sugar
2 tablespoons cooking oil
1 large onion, cut into thin slices
3 fresh red chiles, seeds and ribs removed, cut
into thin slices, or 1/4 teaspoon dried red-pepper
flakes
3 cloves garlic, minced
1 1/2 cups lightly packed basil leaves

* Available at Asian markets and many
supermarkets

In a medium bowl, combine the chicken with the fish sauce, soy sauce, water, and sugar.
In a large nonstick frying pan or a wok, heat the oil over moderately high heat. Add the
onion and cook, stirring, for 2 minutes. Stir in the chiles and garlic; cook, stirring, 30
seconds longer.

Remove the chicken from the marinade with a slotted spoon and add it to the hot pan.
Cook until almost done, stirring, about 3 minutes. Add the marinade and cook 30 seconds
longer. Remove from the heat and stir in 1 cup of the basil. Serve topped with the
remaining 1/2 cup basil.