

Home worth more? You're probably underinsured — 13 ways to save

The good news is your home has never been worth more. That takes some of the sting out of the fact that the stock market is down, and that you now need to work 10 years longer than you'd planned.

But take heart. The housing price run up is real. In 2021, the average U.S. home appreciated 17.1 percent, a record high, according to CEIC Data, a market research firm that has been tracking housing prices for 30 years. That's something considering the average per-year growth is 5.3 percent.

So go ahead, celebrate your home equity boom, and get your happy dance out of your system, because now comes the bad news:

If your home has increased in value, you're probably underinsured.

"Along with housing prices, building costs have also gone up," said Laura Adams, a personal finance and insurance analyst with Clearurance, an online platform that helps consumers shop and compare insurance plans to find the best value. "You're only covered to rebuild your home for the amount of coverage you have, and with the increases in building costs, many people aren't carrying enough home insurance coverage to do that."

Bummer. I know. This is such a bore. You hate paying for insurance and so do I. The last thing you need is another problem to lose sleep over. But you'd be really unhappy if your house burned down and you found out that you were only covered for what you declared the replacement value to be when you got the policy, back



AT HOME WITH
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when the house was worth much less, and building dollars went further. Sigh.

However, before you stick your head in a tub of vodka, Adams has a better idea. While you probably need to contact your carrier to make sure your dwelling coverage is enough to cover your home's full replacement value, which means your rates will go up, you can also adopt some strategies to lower your insurance costs.

"The rate you pay for homeowners insurance depends on many factors," Adams said, "including the types and amounts of coverage, location, and home features."

She then offered the following 13 often-overlooked ways to cut the cost of homeowner's insurance, even if you need to increase coverage:

1. *Replace old plumbing.* If you update your plumbing and fix leaky pipes, you lower the risk of having significant property damage from a broken pipe. If you upgrade your plumbing, tell your insurance company.

2. *Replace worn-out electrical.* Because degenerating electrical systems are a leading cause of

house fires, having a new electrical system installed lowers your risk of a fire and could also lower your premium.

3. *Get a new roof.* Household damage from a leaking roof is another common and costly claim, so insurance companies reward those who have new roofing. When we replaced our worn-out roof last year, our insurance premium dropped by about 10 percent.

4. *Fortify your windows against disasters.* Upgraded features like storm shutters and impact-resistant windows help protect homes from heavy wind, hail, strong rains, flying items, and other damage that comes with weather-related disasters.

5. *Install a security system.* Many smart home devices are helping people save money on their policies and avoid insurance claims. Among the technologies that may result in discounts on insurance are professionally monitored security systems, security surveillance cameras (including doorbells with cameras), burglar alarms, and water sensors that trigger a water shut-off in case a pipe breaks.

6. *Bundle your coverage.* Ask your agent about purchasing more than one type of insurance policy with the same carrier, or about buying what's known as a multi-line policy. Bundling your home and auto or life insurance with the same carrier will often result in substantial savings.

7. *Check for affinity discounts.* Find out whether your employer or any professional or alumni organization you belong to has a relationship with an insurance car-

rier that provides a discount you might be eligible for.

8. *Maintain good credit.* Having good credit will save you money on insurance in many states.

9. *Raise your deductible.* Typically, the higher your deductible, the lower the premium.

10. *Play the age card.* Retired homeowners over age 55 can often qualify for lower rates.

11. *Don't smoke.* Smokers often pay significantly higher insurance rates.

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