

Saving Money on Your Insurance

BY JOSE MONTEMAYOR

TEXAS COMMISSIONER OF INSURANCE

Careful Decisions Can Cut Your Homeowners Premium

HOMEOWNERS INSURANCE can be a big chunk of your house payment. But you can bring down the cost by doing your homework and taking advantage of some money-saving options.

Compare prices. The Texas Department of Insurance publishes rate guides comparing premiums of the largest homeowners insurance companies. You can get your area's rate guide by calling us at

800-599-7467 (SHOP)

or by checking our Web site, www.tdi.state.tx.us. Look for RATES under the Quick Access heading, and click on HOME.

The guides include Lloyds companies and reciprocal exchanges, whose rates are exempt by law from rate regulation. Exempt companies make up almost 90 percent of the Texas homeowners insurance market. A rate guide can save you hundreds of dollars. Here are the highest and the lowest premiums on an \$80,000 brick veneer house in Dallas, Harris and Tarrant Counties and in Rating Territory 15N, which includes Ector, Midland and Tom Green Counties.

	HIGHEST	LOWEST
Dallas	\$931	\$393
Harris	\$1,201	\$401
Tarrant	\$1,239	\$414
15-N	\$1,223	\$467

Get the right amount of coverage.

With too much coverage, you pay a bigger premium than is warranted by the replacement cost of your house. With too little coverage, a claim bigger than your policy limit could force you to borrow money or tap savings to complete repairs. Remember that homeowners policies cover a home's replacement cost, not its market value. Ask your insurer, agent, a contractor or a real estate appraiser to help figure the replacement cost of your house. Inventory your household contents to make sure you have adequate coverage.

Review your deductible. The bigger your deductible the lower your premium. For example, increasing the deductible on a \$100,000 policy from \$250 to 1 percent of the coverage limit could cut your premium by more than 20 percent. Larger deductibles, up to 5 percent, are available. The trade-off is a larger out-of-pocket cost if you have a loss vs. a substantial reduction in your monthly premium.

Qualify for discounts. The following discounts are mandatory, although Lloyds and reciprocal exchanges can use different percentages because of their exemption from rate regulation:

- A hail-resistant roof can save 1 percent to 34 percent depending on the hail damage experience of your county. Check our Web site, www.tdi.state.tx.us for a list of roofing products that qualify for the discount.
- You can get a 15 percent discount for an eligible burglar alarm system and a 5 percent discount for deadbolt locks and other burglar-proofing devices. Both discounts require inspections by the crime prevention unit of your local police department or sheriff's office.
- An approved fire suppression sprinkler system can shave 8 percent off your annual homeowners premium.

Some companies also give voluntary discounts for such things as permanently marking personal property as a theft-deterrent, installing a "dry hydrant" to provide water for firefighting at a rural residence, buying a "companion" auto policy with the same company and having a good claim record. It's a good idea to ask questions about such discounts when you're shopping.

For more information about cutting homeowners insurance costs, see our booklets, *Shopping Smart* and *Homeowners Insurance: A Guide for Texas Consumers*. You can get them from our Web site or by calling

1-800-599-7467. ★

Editors:

- If you need further information, call: **Texas Department of Insurance Public Information Office (512) 463-6425**

We welcome your questions and suggestions about this column.