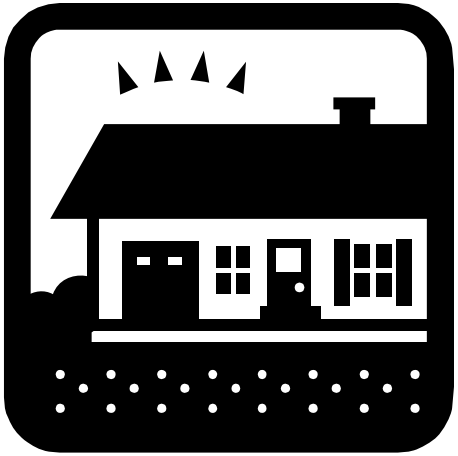
Maine Bureau of Insurance
34 State House Station
Augusta ME 04345

MAINE DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION

Bureau of Insurance

A Consumer Guide To...

# HOMEOWNERS INSURANCE



Published by:
The Maine Bureau of Insurance
34 State House Station
Augusta ME  04333

## The Maine Bureau of Insurance

The Bureau of Insurance, within the Department of Professional and Financial Regulation, regulates the insurance industry for solvency and consumer protection. It does so through its examining and licensing procedures of insurance companies, by licensing producers, by reviewing rates and coverage forms, conducting audits, and by sponsoring programs that enhance awareness of and compliance with State laws. The Bureau has statutory authority to enforce the State's laws and rules pertaining to insurance, and it initiates investigations and holds hearings concerning possible infractions of them.

Printed Under Appropriation No. 014 02A 3041 012
October 2006

The Maine Bureau of Insurance is here to help you. The Bureau can be a source of unbiased information and assistance.

If you have a complaint against an insurer, it is always best to contact your insurance company first and try to settle the matter. Most insurance companies have policyholder service offices to handle your questions. However, if you are still not satisfied, contact the Bureau's Property & Casualty staff to help with your problem. Although they cannot represent you legally against an insurance company or adjuster, they can make an appropriate investigation into potential violation of insurance laws or regulations based on your complaint.

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# Introduction

Home insurance is an important purchase for many people. Use this brochure as a guide to make decisions that can help lower the cost of your home insurance and increase the value you receive.

Although home insurance is not required by Maine law, if your home is mortgaged, your lender or bank may require that you buy insurance on your home.

The coverages offered to homeowners are usually included in a package of liability and property coverages. This guide addresses a comprehensive package of coverage found in a homeowners policy. It does not cover the limited offerings of fire and extended coverages sometimes used to insure homes.

### Why Buy Home Insurance?

**Owners**: to protect both your house and your personal property.
**Tenants**: to protect your furniture and other personal property.
**Everyone**: for protection against liability for accidents that injure other people or damage their property.

# Commonly Asked Questions

### How Much Home Insurance Do I Need?

- **Property Protection:** The better your coverage, the less you will have to pay out of your own pocket if disaster strikes.
- **Self Protection:** You need enough liability coverage to protect you and your assets from lawsuits that result from your negligence.
- **Lender Requirements:** Your bank or lender may require you to cover the house for at least the amount of the mortgage. This may be either too little or too much coverage for your circumstances. You are not required to buy insurance from the insurer your lender recommends.



**EXAMPLE D:**

**$200,000 HO 00 03 Policy, $500 Deductible**
**Frame Construction (wood)**
**Protection Class 3***

*Protection class 3 is generally used when the property is located in a city which has a permanent fire department.

| | Area Where Home is Located and Premium | | | |
|---|---|---|---|---|
| **COMPANY** | **PRESQUE ISLE** | **FARMINGTON** | **BANGOR/ AUGUSTA** | **YORK** |
| **Allstate** | $745 | $875 | $875 | $665 |
| **Concord Group** | $722 | $864 | $826 | $670 |
| **Farmers Insurance Exchange** | $535.61 | $628.39 | $468.58 | $430.75 |
| **Hanover Ins Group** | $718 | $903 | $909 | $711 |
| **Liberty Mutual Group** | $1,125 | $1,366 | $1,427 | $1,187 |
| **MMG Insurance Co.** | $424 | $484 | $470 | $363 |
| **Patriot Group** | $452 | $498 | $447/$435 | $374 |
| **Patrons Oxford Insurance** | $574 - $766 | $689 - $919 | $620 - $827 | $554 - $739 |
| **State Farm** | $989 | $1,090 | $855/$885 | $802 |
| **Vermont Mutual** | $571 | $682 | $662 | $562 |
| **White Mountains Group** | $571 | $707 | $625 | $609 |

**EXAMPLE C:**

**$200,000 HO 00 03 Policy, $500 Deductible**
**Frame Construction (wood)**
**Protection Class 9***

*Protection Class 9 is generally used when the property is located in a small town or city with a volunteer fire department.

| | Area Where Home is Located and Premium | | | |
|---|---|---|---|---|
| **COMPANY** | **PRESQUE ISLE** | **FARMINGTON** | **BANGOR/ AUGUSTA** | **YORK** |
| **Allstate** | $902 | $1,075 | $1,075 | $800 |
| **Concord Group** | $722 | $864 | $826 | $670 |
| **Farmers Insurance Exchange** | $758.91 | $892.26 | $662.56 | $608.18 |
| **Hanover Ins Group** | $757 | $949 | $955 | $745 |
| **Liberty Mutual Group** | $1,407 | $1,714 | $1,789 | $1,493 |
| **MMG Insurance Co.** | $447 | $510 | $494 | $382 |
| **Patriot Group** | $529 | $582 | $523/$510 | $419 |
| **Patrons Oxford Insurance** | $574 - $766 | $689 - $919 | $620 - $827 | $554 - $739 |
| **State Farm** | $989 | $1,090 | $855/$885 | $802 |
| **Vermont Mutual** | $857 | $1,025 | $994 | $845 |
| **White Mountains Group** | $754 | $931 | $818 | $742 |



- **Policy Requirements:** Insurers may have coverage requirements for replacement cost protection.

## What Affects Home Insurance Prices?

- **Type of Construction:** Wood frame houses usually cost more to insure than brick.
- **Age and Condition of House:** New or modernized homes may qualify for discounts with some insurance companies.
- **Local Fire Protection:** Your home's distance from a fire hydrant and the quality of your local fire department determine your fire protection class. If your home is located more than 5 road miles from a responding fire station and/or more than 1,000 feet from a hydrant then you are likely to pay more for home insurance.
- **Amount of Coverage:** The amount of coverage you buy for your house, contents, and personal liability will affect the price you pay.
- **Deductible Amount:** If you choose a higher deductible, you will reduce the price of coverage.
- **Discounts:** Most insurance companies offer a variety of discounts. We asked the companies who quoted premiums in the charts to price the examples without using discounts. We asked for this type of comparison because not all discounts are offered by all companies and we wanted to have the premium comparisons as close as possible.

*Some* examples of available discounts include the following (not all companies offer all of these discounts):

| | |
|---|---|
| Multi-policy discount | Alarm system credits (fire & burglar) |
| New home credit | Automatic sprinklers (full & partial) |
| Smoke detector credit | Year of construction credit |
| Non-smoker credit | Dead bolts |
| Claim-free discount | Higher deductibles |

Age 50 + discount

When you are looking for a company, make sure that you ask about any discounts that may be available.

# *Basic Coverages Available*

Whether you own or rent, there are different packages of insurance offered to protect your home and belongings.

Each package protects against a specific number of perils (events that cause damage to property). Three examples of perils are: fire, windstorm, and theft. In addition to coverage for named perils, each policy package usually contains four additional types of coverage: property damage, additional living expenses, personal liability, and medical payments. Home insurance policies apply to most owner occupied single-family homes and are changed slightly for apartments and condominiums.

## Property Damage

Property damage coverage pays for damage to your home and personal property. Other buildings such as sheds, barns, detached garages, and their contents are also covered. You should check with your producer or insurance company to make sure the amount of coverage on other structures is enough to cover a loss.

Personal property is the content of your home and other personal belongings owned by you or by family members who live with you. ***Special note**:* the belongings of other people living with you are not protected by your home insurance.

Home insurance policies may give limited coverage for small boats; however, most home insurance policies do not cover motorized vehicles unless they are unlicensed and used only at your home. Your insurance producer or insurance company can help you find the right coverage for your car, boat, snowmobile, all-terrain vehicle, or other recreational equipment.

Some forms of personal property, such as silverware, computers, guns, money, expensive antiques, and jewelry, have limited coverage under your homeowners policy and may need additional insurance. This coverage can be added to your policy as an endorsement (or rider).



**EXAMPLE B:**

**$150,000 HO 00 03 Policy, $500 Deductible**
**Frame Construction (wood)**
**Protection Class 9***

*Protection Class 9 is generally used when the property is located in a small town or city with a volunteer fire department.

| | Area Where Home is Located and Premium | | | |
|---|---|---|---|---|
| **COMPANY** | **PRESQUE ISLE** | **FARMINGTON** | **BANGOR/ AUGUSTA** | **YORK** |
| **Allstate** | $689.50 | $809.50 | $809.50 | $614 |
| **Concord Group** | $550 | $658 | $629 | $511 |
| **Farmers Insurance Exchange** | $587.65 | $694.86 | $517.46 | $478.59 |
| **Hanover Ins Group** | $583 | $731 | $735 | $575 |
| **Liberty Mutual Group** | $1,075 | $1,298 | $1,356 | $1,135 |
| **MMG Insurance Co.** | $339 | $387 | $375 | $290 |
| **Patriot Group** | $554/$454 | $610/$500 | $548/$449 (Bangor) $534/$438 (Augusta) | $439/$360 |
| **Patrons Oxford Insurance** | $436 - $581 | $523 - $697 | $470 - $626 | $420 - $560 |
| **State Farm** | $769 | $847 | $664/$687 | $623 |
| **Vermont Mutual** | $670 | $801 | $777 | $659 |
| **White Mountains Group** | $577 | $712 | $625 | $570 |

**EXAMPLE A:**

**$100,000 HO 00 03 Policy $500 Deductible**
**Frame Construction (wood)**
**Protection Class 9***

*Protection Class 9 is generally used when the property is located in a small town or city with a volunteer fire department.

| | Area Where Home is Located and Premium | | | |
|---|---|---|---|---|
| **COMPANY** | **PRESQUE ISLE** | **FARMINGTON** | **BANGOR/ AUGUSTA** | **YORK** |
| **Allstate** | $444 | $518 | $518 | $398 |
| **Concord Group** | $372 | $444 | $425 | $346 |
| **Farmers Insurance Exchange** | $401.37 | $476.70 | $357.07 | $333.56 |
| **Hanover Ins Group** | $404 | $505 | $508 | $398 |
| **Liberty Mutual Group** | $770 | $922 | $960 | $813 |
| **MMG Insurance Co.** | $294 | $337 | $326 | $252 |
| **Patriot Group** | $414/$340 | $455/$373 | $409/$335 (Bangor) $399/$327 (Augusta) | $328/$269 |
| **Patrons Oxford Insurance** | $337 - $449 | $404 - $539 | $364 - $485 | $325 - $433 |
| **State Farm** | $591 | $652 | $511/$529 | $480 |
| **Vermont Mutual** | $461 | $552 | $536 | $455 |
| **White Mountains Group** | $409 | $499 | $441 | $399 |



You can choose to insure your home and belongings for either replacement cost or actual cash value. These terms are described below.

## Replacement Cost or Actual Cash Value?

**Replacement Cost** is the amount of money it would take to replace or rebuild your home or repair damages with materials of similar kind and quality, ***without*** deducting for depreciation.

Depreciation is the decrease in home or property value since the time it was built because of age or wear and tear.

Many insurers require homeowners to insure their homes for at least 80% of the replacement cost and some may require 100%. If the homeowner fails to insure for the percentage of replacement cost required by the contract, a penalty is applied to partial losses. For example, if it would cost $50,000 to replace your home and it is insured for $40,000 (80% of its replacement value), and a fire causes $25,000 worth of damage, then your insurance company will pay the full $25,000.

However, if your $50,000 home is insured for $30,000 (which is less than 80% of its replacement value), and you have a $25,000 loss, your company will pay for only part of the loss. You would have to pay the balance yourself. Your company will pay for damages to your property based on the following formula:

$$\frac{\text{Amount of Insurance on Your Policy}}{\text{Amount of Insurance Necessary to Cover Assets (80\% of \$50,000)}} = \frac{\$30{,}000}{\$40{,}000} = 75\%$$

Using these figures, your company will only pay for 75% of your $25,000 loss - 75% x $25,000 loss = $18,750 paid by the company. You will have to pay the remaining $6,250.

Insuring your home for the appropriate percentage of its replacement cost is very important. Check with your producer or insurance company to see what is required. You may want to consider insuring your home at 100% of replacement cost so you will have enough coverage if you have a total loss.

**Actual Cash Value** is the amount of money it would take to repair or replace damage to your home after depreciation is taken into account. For example, if your roof has a 20 year warranty and is 17 years old, there would be depreciation for the age and condition of the roof.

*Most home insurance policies cover the contents of your home on an* ***actual cash value basis****.* Many insurers offer an option for you to insure your belongings at replacement cost. The premium will be slightly higher for this coverage; however, you may want to consider this option.

Whether your home is insured for replacement cost or actual cash value, it is important to keep track of its value. For instance, adding a new room, new insulation, and inflation all increase the replacement cost of your home, while the actual cash value of the home may decrease over time.

Check with your producer or company at least once a year to make sure your policy gives you adequate coverage.

### Additional Living Expense

Most home insurance policies provide additional living expenses that will pay some expenses if your home is damaged by an insured peril that keeps you from living there while repairs are being made. These expenses could include limited motel and restaurant costs.

### Personal Liability

Personal liability coverage protects you against a claim or lawsuit resulting from (non-auto and non-business) bodily injury or property damage to others caused by your negligence. This coverage applies to you and all family members who live with you. You should check with your producer or insurance company to determine if the amount of personal liability coverage is enough.

### Medical Payments

Medical payments coverage pays for medical expenses for persons accidentally injured on your property by a member of your family or by your pets. **It does not matter who is at fault**. Medical payments **do not** apply to your injuries or those of family members living with you, or to activities involving your at-home business. Check with your producer or insurance company to determine if the amount of medical payments coverage on your policy is sufficient.



## RATING EXAMPLES

On the following pages are four rating examples for an HO 00 03 policy with three different policy amounts and two different fire protection classes. The companies listed are only **some** of the companies who write homeowners insurance in Maine. These companies were included in the chart because they write a large volume of insurance in Maine and they responded to our survey questions.

**The rating examples should only be used a guide.** Your particular property and circumstances will likely be different from what is illustrated in this brochure. Also, some companies may have included discounts in their premiums that were either not included or not available from other companies.

Protection class is based on the type of fire department in your town (volunteer vs. permanent) and how far your home is from a fire hydrant or the fire station. The lower the fire protection class number, the cheaper the premium (i.e. a class 3 protection class would be cheaper than a class 9).

Remember that companies may offer discounts. (See page 5 for a sample of some of the discounts available.) Be sure to ask if you qualify for a discount.

| Policy Type | | | Losses Covered | |
|---|---|---|---|---|
| HO 00 02 Broad | HO 00 03 Special | HO 00 03 with HO 00 15 Comp. | Dwelling X | Contents X |
| X X | X X | X X | Fire or Lightning | |
| X X | X X | X X | Loss of property removed from premises endangered by fire or other perils | |
| X X | X X | X X | Windstorm or hail | |
| X X | X X | X X | Explosion | |
| X X | X X | X X | Riot or civil commotion | |
| X X | X X | X X | Aircraft | |
| X X | X X | X X | Vehicles | |
| X X | X X | X X | Smoke | |
| X X | X X | X X | Vandalism and malicious mischief | |
| X X | X X | X X | Theft | |
| X X | X X | X X | Breakage of glass constituting a part of the building. | |
| X X | X X | X X | Falling objects | |
| X X | X X | X X | Weight of ice, snow, sleet | |
| X X | X X | X X | Collapse of building (s) or any part | |
| X X | X X | X X | Sudden & accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system or of appliances for heating water | |
| X X | X X | X X | Accidental discharge, leakage or overflow of water or steam from within a plumbing, heating or air-conditioning system or domestic appliance | |
| X X | X X | X X | Freezing of plumbing, heating and air-conditioning systems and domestic appliances | |
| X X | X X | X X | Sudden and accidental damage from artificially generated currents to electrical appliances, devices, fixtures and wiring (TV & radio tubes not included) | |
| | X | X X | All perils except flood, earthquake, war, nuclear accident and others specified in your policy. Check your policy for a complete listing of perils not covered. | |



# *Insurance Forms*

An insurance form is another name for an insurance policy and it identifies which perils your home and belongings are insured against. The following are descriptions of the various insurance forms available for homeowners, renters, and condominium owners. Not all insurers use these exact terms or form numbers to describe their home insurance forms; however the coverage will be similar.

## Home Insurance

The standard insurance forms offered are **HO 00 02, HO 00 03, and HO 03 with HO 00 15**. (However, some companies may have their own variations of these forms, so check with the individual company.) These policy forms insure your home and belongings against at least 11 named perils. The more perils your policy covers, the more you will pay for the policy. The chart on page 20 describes the perils covered in each form.

**Broad Form (HO 00 02)** covers the perils listed in the chart on page 20.

**Special Form (HO 00 03)** is the most popular of all homeowners forms and offers a broad range of coverage. This form provides comprehensive coverage on your home and broad-named peril coverage on your contents.

**Comprehensive Form (HO 00 03 with HO 00 15)** covers your home and personal property for everything that is not specifically excluded. This policy generally provides the broadest coverage available, but may not be offered by all companies. It usually costs more than other coverage.

If your home does not qualify for one of the four homeowner package policies, a company may offer you *limited coverage* on your house, such as Fire and Extended Coverage.

### Renters Insurance

If you rent an apartment or a house, you are responsible for liability coverage and for insuring your personal belongings. Liability coverage protects renters the same as it would if you were a homeowner.

The owner of the building is responsible for insuring the building and for obtaining their own liability insurance.

The tenants form, for renters, (**HO 0004**) insures your household contents and personal belongings against the same perils as the homeowners form **HO 00 02**, (shown in the coverage chart on page 20). It also provides additional living expense coverage and personal liability protection.

### Condominium Insurance

Your condominium association should buy a policy that covers the building, including any common walls, and grounds, including liability associated with common properties.

To protect your contents and interior walls, you may buy a Unit-Owners Form (**HO-6**). An individual unit-owner policy is similar to home insurance and renters' insurance.

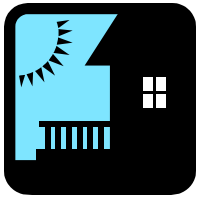
## Optional Coverage You May Wish to Consider Buying

- **Guaranteed Replacement Cost Coverage**

  Guaranteed replacement cost coverage is the most complete coverage for your home. To obtain this type of coverage, you must meet specific underwriting rules and conditions of the company. This may include increasing the amount of your insurance to keep up with inflation. Check with your insurance producer or company to see if an additional premium is required and if there are exclusions or conditions that apply.

*Trampolines* - most insurance companies consider a trampoline an unacceptable liability exposure because of the potential for injury. This is true even if the trampoline has a restraint or sides that are intended to keep someone from falling off over the side. Check with your insurer or agent before you place a trampoline on your property. The presence of a trampoline can negatively affect your ability to buy or keep your homeowners insurance policy. (Beginning on July 30, 2004, under Maine law, a company *may* cancel your policy if you have a trampoline.)

*Walkways and steps* - Keep steps in good condition and clear of obstructions, including ice.

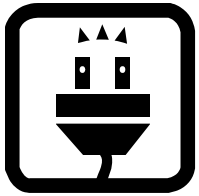


*Decks, porches, or landings* - if these structures are elevated more than 12 inches from ground level they should have a railing. More than two steps should have a handrail. Make sure that you keep railings and handrails in good repair to prevent people from falling.

The chart on page 20 shows which policies cover damage to either your home or the contents of your home as caused by the specific perils listed in the right hand column.

*Fire drills* - hold practice drills at least twice a year, especially if you have children. Know what to do and where to meet outside your home.

*Wiring* - if you have an older home, have a licensed electrician check the wiring. Older systems have difficulty handling the energy requirements of today's appliances.

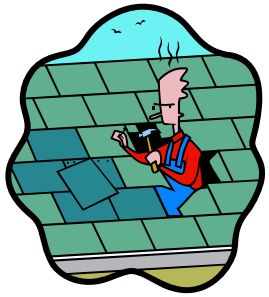


*Electrical outlets* - don't overload or overuse extension cords.

*Space heaters, candles, and hurricane lanterns* - don't leave them unattended and keep combustible materials away.

**Roof and Water Damage:**

*Roofs* - clean snow to prevent ice dams and collapse from weight. Make sure that the roof is vented properly.

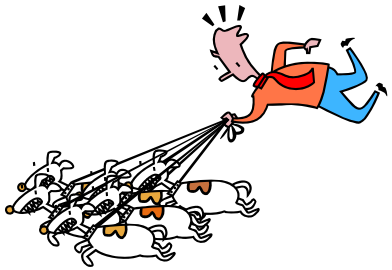


*Shingles* - periodically check for loose shingles and repair them.

**Liability Exposures:**

*Swimming pools* - should be fenced and locked (otherwise this could be grounds for your insurer to cancel your policy).

Obey *leash laws*.





- **Inflation Guard Endorsement**

If the replacement cost of your home is increasing with inflation, your policy amounts must be periodically increased to maintain your coverage at 80% or higher. Even though the amount of the homeowners insurance you carry is at least 80% of your home's replacement cost, this amount may not be enough in the future.

To help you keep coverage at an adequate level, some companies offer an "Inflation Guard Endorsement." This endorsement will allow your insurance company to automatically change your policy limit during the policy period.

Even if you have this endorsement on your policy, check your coverage limits periodically to make sure you are adequately but not overly insured. Not all companies offer this endorsement, so check with your producer or company if you are interested in buying it.

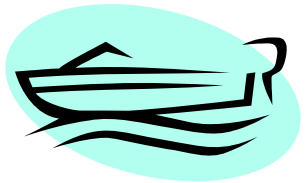
- **Scheduled Personal Property Endorsement**

This endorsement is sometimes called a "personal article floater." It covers possessions such as jewelry, furs, stamps, coins, guns, computers, antiques, and other items that may exceed the coverage amount in your regular home insurance policy.

A personal articles floater lists each article that is insured, gives a description of the article insured, and lists excluded perils. It often provides coverage that is broader than the coverage under the home insurance policy. There is typically no deductible applied to this coverage.

- **Watercraft Endorsement**

This endorsement applies to small sailboats, and outboard motor boats, and provides broadened personal liability and medical payments coverage.



- **Flood Insurance**

Standard home insurance policies do not cover flood damage. Depending on where your home is located, you may qualify for flood insurance through the National Flood Insurance Program. Some insurance companies also offer flood insurance. Your producer or company can help you with application forms for flood coverage. If your home is located in a flood plain, your lender should require flood insurance. Just because your home is not in a designated flood plain, don't assume you will never have flood damage. For more information about federal flood insurance, contact the National Flood Insurance Program at 1-800-638-6620.

- **Earthquake Insurance**

Earthquake insurance is available through most insurance companies for an extra cost. It is normally issued as an endorsement and attached to your home insurance policy.

# *Smart Shopping*

## Twelve Ways to Lower Your Costs

**1. Shop Around**

Prices can vary greatly. However, don't consider price alone. Service is also important. Quality service may cost more, but it may be worth it. Talk to your friends.

***2.* Raise Your Deductible**

Deductibles are the amount of money you have to pay out of your pocket for a loss before the insurance company pays. A typical deductible is $250. By increasing the deductible to $500, you could save up to 12%. However, make sure that



# *Loss Prevention*

Once you buy insurance to cover your home and belongings, there are steps that you can take to reduce the chances of having a loss.

**Fire Damage:**

*Woodstoves* - should be professionally installed and periodically inspected. Clearances recommended by manufacturers are generally less than what state law requires.

*Woodstoves and Fireplaces* - clean chimneys and stove pipes at least twice a year. Make sure that you have proper floor protection. Keep combustible materials away from fireplaces and woodstoves. Remove ashes into a noncombustible container and dispose of them properly.

*Furnaces* - should be serviced annually by a licensed technician.

*ABC fire extinguishers* - should be kept in the kitchen, near the furnace and near your fireplace or woodstove. Make sure that you know how to use them.

*Smoke detectors* - install at least one on each level of your home. Change smoke detector batteries each year.

*Matches and lighters* - keep out of the reach of children. Properly dispose of smoking materials and avoid smoking in bed.

All of the above information is necessary for the rating process. You should know that not all insurance companies use insurance producers to sell their product. Insurance companies generally use one of three methods to market their product: direct marketing, independent producers, or exclusive producers. The type of marketing method may be good or bad for a consumer, depending on the type of services offered. Therefore, you should be aware of each of the three methods and may want to consider these when you decide to buy insurance.

**Direct marketers** sell insurance through the mail and by telephone. In some cases, consumers can save money with direct markets because these companies do not have to pay insurance producers commissions to sell their policies. Companies can pass along some of these savings to you. However, some consumers prefer to have a local producer available.

If you decide to call producers for prices, ask them how many companies they represent. **Independent producers** represent several companies; therefore, you can get quotes for more than one company from just one producer. Many consumers consider this an advantage.

Some insurance companies sell coverage through producers that only represent their company. These companies call their producers an **exclusive agency force**. Exclusive producers can only offer you coverage from the company they represent; therefore, you can only get a quote from one company for each exclusive producer that you speak to.

Sometimes exclusive producers may work for a lower rate of commission than independent producers. This is because companies do not have to give the producer an incentive to write their product over another company's product. The lower commission structure, especially on commissions for renewal business, can represent cost savings to the insurance company and often a portion of that savings is passed along to the consumer in lower premiums.



you consider your finances before increasing the deductible.

***3.* Buy Your Home and Auto Policies from the Same Insurer**

Some companies may offer a 5% to 15% discount on your premium if you have two or more policies with them.

***4.* Before You Buy a Home…**

Think about how much it will cost to insure. Some insurers may offer discounts on new or remodeled homes because it is likely to be in better condition.

***5.* Insure Your House, not the Land**

The land your house is on is not at risk from fire or theft or any of the other things covered by your homeowner policy. So don't include the land value in deciding how much insurance to buy.

***6.* Beef Up Your Security**

Some companies offer discounts of 15% or 20% for smoke detectors, burglar alarms, or dead-bolts.

***7.* Stop Smoking**

Smoking causes more than 23,000 residential fires a year. Many insurance companies offer reduced premiums if none of the residents smoke.

***8.* Check for Senior Discounts**

Retired people are at home more and spot fires sooner than working people. They also have more time for home maintenance. If you are at least 55 years old, you may qualify for a discount.

### *9.* Can You Get Group Coverage?

Some employers, alumni, and business associations often get an insurance package with reduced rates. Ask your company's personnel manager or the association director if such a package is available.

### *10.* If You Stay With an Insurer…

If you've kept your coverage with a company for several years, you may receive special consideration. Some insurers will reduce their premium by 5% if you stay with them for three to five years. If you have been a policyholder for six years or more, you may be entitled to a 10% discount.

### *11.* Compare Your Policy Limits with the Value of your Possessions at Least Once a Year

Your policy should cover any major purchases or additions to your home. But don't spend money for coverage you don't need. If your computer is no longer worth the $5,000 you paid for it, you'll want to reduce the amount of your floater.

### *12.* Seek Unbiased Information

Information is available to consumers from a number of unbiased sources. These sources include public libraries, state insurance departments, consumer groups, and consumer publications.

Because the insurance industry, like many other industries, has developed many words not commonly used by the average person, consumers may need to find a good glossary or dictionary of insurance terms from the public library.



## Where to Shop

When you begin to contact insurers, there are a few things you should know about how insurance companies market and underwrite their products.

Maine law generally allows an insurance company to cancel a new policy within the first 90 days for any reason. Consequently, shortly after you buy the policy, the insurer may decide not to insure you beyond this period if there are conditions that do no meet its underwriting guidelines for new business. However, Maine law, effective July 30, 2004, allows some exceptions to this 90 days: a company cannot refuse to issue a property insurance policy based **solely** on the age of the property without considering its current condition, a company cannot refuse to issue a property insurance policy **solely** because the previous owner of the property submitted claims for losses on the property and a company cannot refuse to issue a property insurance policy **solely** on the basis of credit information.

Most insurance companies and many producers advertise. Check the newspaper and yellow pages of the phone book for companies and producers in your area. In addition, contact your neighbors, relatives, and friends for recommendations on insurance companies and producers. Ask them about their experience regarding price and service. In particular, ask them what kind of claim service they have received from the companies they recommend.

## Price Quotations

When you shop for home insurance, premium quotations are a useful tool for comparing different companies' products. However, when you ask for price quotations, it is important that you give the same information to each producer or company.

To give you an accurate quote, the producer or company will usually ask for the following information:

- a description of your house;
- the distance from the nearest fire department and fire hydrant;
- the square footage;
- if you have security devices;
- a picture of your home;
- the coverages and limits you want.