

Insurance Checklist for Homeowners



Success Starts Here.



First State
Community Bank

Introduction

Whether you're buying your first home or upgrading to a larger space, selecting the right homeowners insurance is a critical step in the process.

A home is most likely the largest purchase you will ever make, so it's important to protect your investment. Homeowners insurance is a safety net that provides coverage to repair or rebuild your home after a disaster, such as a fire, tornado, burglary, or other damaging event.

Your homeowners policy also covers the contents of your home, including furniture, clothing, and electronics, as well as liability for personal injury and property damage policy holders cause to other people.

Although you are not legally required to purchase homeowners insurance, banks and other finance companies do require borrowers to have a policy in place to protect the company's investment. And it's just a good idea to protect yourself from potentially catastrophic financial loss.

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How to Get the Right Insurance for Your New Home

Now that you know why you need homeowners insurance, let's take a look at how to find a policy that meets your needs. This home insurance checklist looks at five steps in the insurance purchasing process that can help you get the best coverage for the best price and protect your most valuable assets.

Know What Kind of Coverage You Need

Before you start shopping for insurance policies, you first need to understand what it is you're paying for.

There are four main coverage types found in most homeowners insurance policies:



Dwelling: Insurer pays to rebuild or repair your home.



Other structures: Insurer pays for damage or destruction of detached structures on your property, including detached garages, pergolas, sheds, and fences.



Personal property: Insurer pays to replace personal belongings—such as electronics, furniture, clothing, and appliances—if they are damaged, destroyed, or stolen



Liability: Provides protection against financial loss if the policy owner or a family member is legally responsible for a third party's injury or property damage.





Understand What Factors Affect the Cost of Homeowners Insurance

Homeowners insurance policies are not one-size-fits-all, so it's important to know what factors play into costs and eligibility as you begin the process.

- Coverages:** Every policy comes with standard coverages, such as dwelling and liability. You also have the option to customize coverages, which can have an impact on your cost to insure.
- Cost to rebuild:** The more expensive your house, the more expensive it will be to rebuild in the event of a disaster, which is reflected in your premiums.
- Value of possessions:** There usually is a set replacement amount for personal items written into the policy. If you have a lot of high-end stereo equipment or expensive jewelry, you may want to increase coverage for these items.
- Pets:** Injury or damage caused by pets is covered under liability, but certain breeds and the number of animals on the premises may increase your premium cost.



Age of home: Newer homes cost less to insure because it's cheaper to source the materials for repairs, and plumbing and wiring systems in modern houses are built to current codes.

Personal claims history: Insurance companies prefer low-risk customers, so the fewer claims you have filed, the lower your premium.

Proximity to a fire hydrant and a fire station: Homes that are close to a fire hydrant or within a designated number of miles from a fire station cost less to insure.

High-risk features: Items such as swimming pools, wood-burning stoves, and trampolines will add to your insurance premium.

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Get the Best Coverage for the Lowest Price

Missouri's home insurance premiums run about [35 percent over the national average](#), but there are a few ways to reduce your costs:

- Go with the highest deductible you can afford:** The higher your deductible, the lower your premium. The more you can afford to pay out of pocket in the event of a disaster, the more money you will save on your monthly bill.
- Bundle your insurance policies:** Many insurance companies offer a variety of insurance types, including automobile and life insurance. Customers who have multiple policies with the company often get a discount.
- Look for additional discounts:** Home insurance companies often offer discounts for increased safety features; upgrades to heating, plumbing, and electrical systems; weather and natural disaster mitigation devices; and even the age of the customer.



Review Your Policy Annually

Don't assume that last year's homeowners insurance policy is the right fit for you this year. When renewal time rolls around, assess any changes and adjust your coverage as needed. For example:



Did you make any improvements to the home that added value?



Did you add a pool or other high-risk feature?



Did areas around your home flood even though you aren't in a flood zone?



Do you qualify for any new discounts?

Have a Backup Plan

Sometimes life throws you a curveball in the form of an unexpected nonrenewal notice. If you suddenly find yourself facing a potential lapse in coverage, don't panic! Make sure your coverage needs are up to date, and immediately start reaching out to insurance providers in your area for quotes.

If your nonrenewal was due to claim activity, you may find it more difficult to find a private insurance provider. In the event you aren't able to purchase a new policy before the old one expires, the [Missouri Property Insurance Placement Facility](#), otherwise known as the FAIR Plan, offers at least some level of protection against catastrophic loss.

Home Insurance Lets You Buy Peace of Mind

Buying a new home is an exciting time, whether you're a first-time home buyer or a growing family that needs more space. Although the home buying process can seem overwhelming, purchasing the right homeowners insurance policy brings peace of mind that your investment is protected.

If you're ready to begin your home buying journey, contact [First State Community Bank](#) to talk about your home loan options from local lenders. At FSCB, our mission is to support growth within our communities. After all, we live here, too.



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About First State Community Bank

Whether you're seeking a line of credit, a personal loan, credit card transfer options, or financial counseling services to improve your money management, we're committed to helping you set and reach your financial goals.

Since 1954, First State Community Bank has been a leading financial resource to residents and businesses across the state of Missouri. First State Community Bank has built its reputation on an unyielding commitment to delivering the best possible service to customers and partners, from the Junior Savers who open an account with \$1 to those applying for multimillion-dollar commercial loans. Our mission is to help our customers achieve financial success on their terms, whether that means buying a new home, starting a business, or planning for retirement. We are here to help you reach your financial goals today and into the future.

**Learn more by connecting with the FSCB team
to see how you can get started today.**

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