

## 15 Questions to Ask Your Homeowners Insurance Agent

Looking for affordable Homeowner or Renters Insurance, but don't know where to start? We sat down with California Casualty Sales Team Manager Mike D. and found out all of the important questions you should be asking when you call your agent for a [quote](#).

### 1. Is Homeowners insurance required?

If you have a home mortgage, then maintaining [Homeowners insurance](#) is generally a requirement of your loan agreement. Even if you own your home outright, it's recommended that you protect your equity in the home by maintaining Homeowners insurance.

### 2. How are Homeowners insurance rates calculated?

While there's no way to predict the future, home insurance providers do their best to charge a rate that's based on both the coverage limits and the likelihood of future losses occurring. They may consider things such as previous loss history for both the homeowner and the actual home or surrounding area, the physical characteristics of the home, the age of some critical components of the home such as the [roof](#), plumbing, and electrical systems, and even the types of [weather activity in the area](#).

### 3. What is the dwelling coverage limit and how is it calculated?

One of the most critical coverages on your policy is the Dwelling Coverage. This is the maximum amount of money your insurance provider will pay to rebuild your house. Especially in periods of economic inflation and building supply or labor shortages, the true rebuild cost of your home may be substantially higher than the market value and even much higher than the cost of building a new house on an empty lot. If your insurance provider hasn't recalculated the cost to rebuild your home recently, then you may be at risk of running out of coverage if you experience a total loss.

California Casualty is committed to providing policies that will truly indemnify our group members after a loss. When you speak with a California Casualty agent, he or she will have a conversation with you about the details of your home's construction to ensure your home is protected.

### 4. What's the difference between replacement cost and actual cash value?

Some components of the structure of your home and all of your [Personal Property](#) within it may be covered for either Actual Cash Value or Replacement Cost at the time of a loss. For example, if you own a refrigerator that's now 10 years old that originally cost \$1,500 when it was new, the current market value of your fridge may now only be \$500.

A policy that insures your Personal Property for Actual Cash Value would only pay you \$500 if your fridge is destroyed by a covered loss. However, a policy that insures your Personal Property for Replacement Cost would pay the full amount required to replace the fridge with a reasonably equivalent new fridge.

## 5. What is liability coverage?

Personal liability coverage on a home insurance policy pays for damages and legal defense if you're legally responsible for injuries to others or damage to their property. It generally follows the insured when they're both at and away from their home.

## 6. When do I need an umbrella policy?

An [umbrella policy](#) provides additional personal liability insurance that starts to pay after your underlying limits of liability on your home insurance policy have been exhausted after a covered loss. While there's no way to know for sure how much liability coverage you may need, understanding what you stand to lose is a good place to start. If you're being sued, it's possible that equity in your home, your personal savings, and your income may be at risk. If the value of two years of your annual income, the equity in your home, and your savings exceed the liability limits on your auto or home insurance policies, then you should consider an umbrella policy to protect your net worth.

## 7. What should I set my deductible at?

There's no single right answer. Generally, the higher your deductible, the lower the cost of your insurance premium. Since the deductible is the amount your insurance provider will subtract from an insurance payout, you'll have to select a deductible that you're comfortable paying out-of-pocket after a loss. There can be diminishing returns if you set your deductible much higher than average, so as a consumer, you need to balance the premium savings against the amount you'd be required to pay after a loss.

## 8. What are endorsements, and how do they affect my policy?

Endorsements modify your coverage, meaning they may increase or decrease your coverage. They may also remove restrictions to your coverage or add restrictions to your coverage. For example, at California Casualty, we provide coverage enhancements to our group members that are tailored to their needs based on occupation or professional association. However, some companies only offer a standard suite of options for home insurance commodifying the product.

## 9. Is Homeowners insurance tax-deductible?

Homeowners insurance is not tax-deductible on your primary dwelling. However, homeowners insurance may be tax-deductible for [rental](#) properties.

## 10. What natural disasters does Homeowners insurance typically [not cover](#)?

Some of the more notable natural disasters that Homeowners insurance typically does not cover include flood and earth movement (for example earthquakes, landslides, mudslides, etc.). Typically flood and earth movement riders must be added independently.

## 11. Do I need flood insurance? Do I need earthquake insurance?

[Flood Insurance](#) may be required depending on the requirements of your home mortgage. [Earthquake Insurance](#) isn't generally required but is recommended if you live in an area where earth movement is more prevalent.

## 12. Do I need extra coverage for my home-based business?

Most home insurance policies have restrictions for losses related to a home-based business. It's important to speak with your agent about the nature of your business in order for them to determine what coverage options are available.

**13. Should I increase my coverage when I make [updates to my house](#)?**

Generally, home updates increase the rebuild cost of your home. Since it's the job of the insurance provider to have enough coverage to rebuild your home after a total loss, you should discuss with your home insurance agent anything that may increase the rebuild cost of your home.

**14. What's the easiest way to reduce my monthly premium?**

Keep in mind that, in some cases, the premium is inversely related to the quality of service and coverage you can expect to receive from an insurance provider. With that being said, the easiest way to reduce your monthly home insurance premium is to increase your deductible. But as mentioned above, the higher you go with your deductible could cause diminishing returns on premium reduction.

**15. Am I eligible for any discounts?**

It's rare that a customer and their home would be ineligible for all discounts. If you're eligible for a discount, then your agent should have proactively explored those options with you to provide you with the best price possible from your first day as a customer. Talk to your agent and ask what discounts you may qualify for. If your agent confirms you're receiving all available discounts, but you still feel that your insurance rates are too high, reach out to California Casualty to see if you can get more for your money with your policy.

*California Casualty has been serving the needs of educators since 1951 and is the only auto and home insurance company to earn the trust and endorsement of the National Education Association (NEA). Learn how to save on your insurance by getting a quote at [www.calcas.com/neamb](http://www.calcas.com/neamb), or by calling 1.800.800.9410.*