



5 Things to Know About Homeowner's Insurance

- 1. Know about exclusions to coverage.** For example, most insurance policies do not cover flood or earthquake damage as a standard item. These types of coverage must be bought separately.
- 2. Know about dollar limitations on claims.** Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.
- 3. Know the replacement cost.** If your home is destroyed you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for \$150,000 and it costs \$180,000 to replace it, you'll only receive \$150,000.
- 4. Know the actual cash value.** If you chose not to replace your home when it's destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.
- 5. Know the liability.** Generally your homeowner's insurance covers you for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that it's sufficient if you have significant assets.

5 Things to Know About Title Insurance

Title insurance protects the holder from any losses sustained from defects in the title. It's required by most mortgage lenders. Here are five other things you should know about title insurance.

- 1.** It protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as mistake in the spelling of a person's name or an inaccurate description of the property.
- 2.** It's a one-time cost usually based on the price of the property.
- 3.** It's usually paid for by the sellers, although this can vary depending on your state and local customs.
- 4.** There are both lender title policies, which protect the lender, and owner title policies, which protect you. The lender will probably require a lender policy.
- 5.** Discounts on premiums are sometimes available if the home has been bought within only a few years since not as much work is required to check the title. Ask the title company if this discount is available.