



NW Insurance Council

Consumer Alert

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Shopping for a home? Put insurance on your shopping list, too

What to Know

- *Insurance is an important consideration when buying a home. Call your insurance company or agent and ask if the house you're considering will qualify for insurance and get an estimate of the premium.*
- *A professional home inspection could save you future financial headaches if major - or a series of minor - problems are discovered after the purchase.*
- *An estimated three out of five homes in the United States are underinsured by at least 20 percent of their full value, according to a 2018 report by the insurance and business analytics firm [CoreLogic](https://www.corelogic.com).*

PORTLAND, OR, March 9, 2021 – Despite the COVID-19 pandemic, the housing market in the United States continues to boom. If you are thinking about buying a new home for yourself and your family, be sure to evaluate insurance needs and costs at the same time you compare prices, locations and property taxes for your dream home.

"For most of us, our home is the single biggest investment we'll make in our lifetimes, so it is important to evaluate carefully, spend wisely and be adequately insured," said Kenton Brine, NW Insurance Council president. "It's a great idea to talk with your insurance company or a professional insurance agent as you consider a home purchase – whether it is your first home or your dream home."

In hot NW real estate markets, some buyers have offered to waive the home inspection. While that's legal and can make the buyer's offer more attractive to the seller, it is a risk the buyer may later regret. A professional home inspection could save you future financial headaches if major - or a series of minor - problems are discovered after the purchase. Termites or other bugs? Hidden or painted-over water damage? Electrical or plumbing issues? Waiving the inspection could leave the buyer paying out-of-pocket for costly repairs.

Your insurance company or lender may require a home inspection as well to make sure the property is insurable and a reliable lending investment.

Some insurance companies use home inspections by their own inspectors or agents as part of the underwriting process to determine what premiums to set for a new home. A few things an insurance company will look for include the age of the home, the electrical and plumbing system, the roof and possible areas of liability.

A well-maintained home that addresses both safety risks and security (smoke and burglar alarms, for example) may qualify for discounts. A house with a host of safety and security threats, however, will likely have higher premiums.

The NW Insurance Council and the [Insurance Information Institute](#) recommend you consider the following as you shop for a home:

- **Request Loss History Reports** - Request a Comprehensive Loss Underwriting Exchange ([C.L.U.E.](#)) report or an [A-PLUSTM](#) property report. If a Homeowners Insurance claim was filed in the past three to five years, the loss history report will

show the nature of the claim and you can make sure proper repairs have been made.

- **Get the house inspected before buying** – A few examples of what an inspector should check include the general condition of the home (especially the roof and foundation); water damage and bug infestations; the electrical and plumbing systems, septic tank and water heater; where potential problems could develop; and past problems that have been repaired. An inspector also should give suggestions on upgrades or replacements.
- **Call your insurance company or agent** – Ask if the house you’re considering will qualify for insurance and get an estimate of the premium. Also, go ahead and ask for estimates on more than one house. Insurance is an important consideration when buying a home.
- **Ask your insurance company or agent** about “full replacement cost coverage” to make sure your estimate for coverage accurately reflects what your premium will be to replace the home and its contents if it is a total loss.
- **Check your credit** - Make sure your [credit history](#) is accurate. Strong credit can help you obtain [competitive insurance rates](#).
- **Know the age of the home** - Some older houses have expensive features such as hardwood floors, custom finishes and ceiling moldings. These features are more expensive to replace and should be included in your homeowners policy to be sure you have enough coverage to replace features damaged or destroyed in a covered loss.
- **Consider the location** - Living in an area prone to natural disasters can increase the cost to insure your home. Take note if a prospective home is in a flood plain. Since flooding is not covered by a typical [Homeowners policy](#), you may need flood insurance available separately through the [National Flood Insurance](#)

[Program](#). Also consider [earthquake](#) and [landslide](#) risk. Earthquake insurance requires a special endorsement or a separate policy and a special Difference in Conditions policy may be required for landslide coverage if you choose to buy a home near a cliff or steep embankment.

For more information about Property & Casualty Insurance, visit [NW Insurance Council](#).

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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