

WHY DOES MY HOME INSURANCE COST MORE THAN MY FRIENDS?



When it comes to home insurance rates, all things are not equal. Rates vary drastically from state to state. A homeowner in Oklahoma pays 10 times as much as one in Hawaii for the same home and coverage*.

Surprisingly, the largest issues impacting homeowner insurance rates have little to do with your actual home. When issuing homeowners insurance policies, insurance companies weigh different variables that impact the premiums.

CREDIT RATING. Before issuing a homeowners insurance policy, your insurance company will check your credit. Therefore, it's a good idea to check your credit reports from all three major credit bureaus—Experian, Equifax, and TransUnion – before you start shopping for a new home. You'll also want to avoid making large purchases or taking out a major loan during this time, because it can negatively affect your credit score and increase your rate for homeowners insurance.

HOME INSURANCE SCORE. Often mistaken for credit scores, home insurance scores predicts the risk of you filing a claim. Many insurers use components of your credit report, including payment history and credit utilization, to calculate this score.

LOCATION OF PROPERTY. The location of your home is a big factor when it comes to the cost of your homeowners insurance. Living close to a fire hydrant or fire station is a factor that lowers premiums. Being located near a coastline increases the odds of hurricanes and heavy winds, which can easily damage a home. Therefore, it increases insurance premiums. Being in an area that isn't prone to natural disasters like floods or earthquakes is a benefit that can lower premiums.



AGE OF THE HOUSE. Another factor insurance company focus on to determine your rate will be the age of the home being insured. Many people buy older homes for the charm and appeal, but with older homes come certain risk factors. Old plumbing and electrical systems can break down and often require repair. These factors will boost the price of a homeowners policy.

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AGE OF THE ROOF. A roof protects your home from rain, snow, and heavy winds. Ideally, you want a new roof on any new home you are considering purchasing. If it turns out that your new home has an older roof, your homeowners insurance rate will reflect it, as leaks and missing components can lead to damage resulting in a hefty insurance payout.

POOL OR HOT TUB. A pool or hot tub is a great entertainment feature in a new home. However, due to the risk of someone getting injured, you'll likely have to pay more in liability insurance. Before purchasing a home with a pool or hot tub, consider checking with your insurance company to see how much more you'll pay in increased liability.

Planning ahead will help you avoid any surprises and allow time to get the best policy for you and one that best protects your home. Give your insurance company a heads-up call to start the process, but also get quotes from two to three other insurance companies before you make a final decision. **Ardent Insurance** can help you quickly compare prices from more than 40 carriers. You can also ask your family, friends, and neighbors to find out which their satisfaction with their insurance carrier.

**Based on \$200,000 dwelling with \$1,000 deductible and \$300,000 liability 2020 analysis of major insurers commissioned by [insurance.com](https://www.insurance.com)*