



# ***Home-Buying Process***

## ***Stability of the Insurance Company***

# ***Home-Buying Process: Stability of the Insurance Company***

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Be sure the insurance company is financially stable and will be around to pay any claims. The higher the financial rating, the stronger and better prepared the company is to be there if a real disaster strikes. A.M. Best Company, Inc. and Standard & Poor's Insurance Ratings Services are two of several companies that rate an insurance company's strengths. Their publications are available at the public library. Choose a company that has a higher rating on the scale used by the rating company. A.M. Best Company uses the rating scale between A++ to F-, so you would want to choose a company with a rating between an A++ to A-. Many insurance companies list their rating in their company information.

Mortgage lenders usually require customers to work with an insurance company that meets certain requirements. Some mortgage lenders will only work with insurance companies of high ratings. Get the names of several highly rated insurers. Then compare prices and policies. It could save you hundreds of dollars on your yearly insurance bill. Use the Insurance Comparison Work Sheet to help you compare different coverage options as you shop for homeowners insurance.

## Homeowners Insurance Comparison Work Sheet

Applicant: \_\_\_\_\_

Address of property to be Insured \_\_\_\_\_

Number of losses in last three to five years if covered by homeowners or fire insurance

\_\_\_\_\_  
\_\_\_\_\_

### Dwelling:

Construction (frame,  
brick, etc.) \_\_\_\_\_

Owner occupant \_\_\_\_\_

Wood stove \_\_\_\_\_

Year house was built \_\_\_\_\_

Number of rooms \_\_\_\_\_

Age/Type of furnace \_\_\_\_\_

Total square feet \_\_\_\_\_

Other \_\_\_\_\_

Inside/Outside city  
limits \_\_\_\_\_

### Discounts:

Burglar/Fire alarm  
(unmonitored) \_\_\_\_\_

Burglar/Fire alarm  
(monitored) \_\_\_\_\_

Smoke detector \_\_\_\_\_

Sprinkler system \_\_\_\_\_

Hail-resistive roof \_\_\_\_\_

Fire extinguishers \_\_\_\_\_

Deadbolt Locks \_\_\_\_\_

Nonsmoker \_\_\_\_\_

Other discounts \_\_\_\_\_

Name of fire dept.

Current market value of  
dwelling and land

Purchase price of  
dwelling

Distance from hydrant/  
station

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ feet/miles

## Homeowners Insurance Comparison Work Sheet (Cont.)

The Cost of Your Insurance:		Annual Premium:		
Policy Form(s)		Company (A)	Company (B)	Company (C)
Property Coverage and Amount		\$	\$	\$
A. Dwelling		\$	\$	\$
B. Other Structures		\$	\$	\$
C. Unscheduled Personal Property		\$	\$	\$
D. Additional Living Expense		\$	\$	\$
Liability Coverage and Amount		\$	\$	\$
E. Personal Liability (bodily injury and property damage) per occurrence		\$	\$	\$
F. Medical Payments per person		\$	\$	\$
Deductible Amount		\$	\$	\$
Scheduled Personal Property		\$	\$	\$
Other Coverage(s)		\$	\$	\$
<b>Total Annual Premium</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
Installment Charges (if applicable)		\$	\$	\$
<b>Total Annual Cost of Homeowner's Insurance</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>

A. Dwelling - Home or rental unit if landlord.

B. Other Structures - detached garage, tool shed or pool house, etc.

C. Unscheduled Personal Property - clothes, TV, furniture and other personal property. Some policies have maximum limits, i.e. jewelry is \$1,000.

D. Additional Living Expense - If claim makes home uninhabitable, insurance will pay for occupants to live somewhere else while repairs are made. Insured still has to pay mortgage payment.

E. Personal Liability - dog bites neighbor, or young daughter drops neighbor's baby and baby breaks arm. This would pay and yes it has happened.

F. Medical Payments - Through negligence visitor trips and breaks arm, this would pay medical bill. If the injury exceeds the medical payment the personal liability coverage will pay.

G. Deductible Amount - Loss amount less deductible is claim payout, i.e. claim amount \$1,500, deductible \$250 and claim check will be \$1,250

H. Schedule personal property - Wedding rings, musical instruments, guns, etc. per item appraisal and coverage for expensive and/or unique items.

I. Other coverage - Replacement cost on personal property, dwelling or dwelling replacement options, i.e. 125 percent replacement of the dwelling. Dwelling (coverage A) is \$100,000 and company would max out at \$125,000.

### Home Buying Process: Stability of the Insurance Company

*This resource is one in a series on the Home-Buying Process which include:*

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### **Financial Readiness**

What Creditors Look For  
Finding Mortgage Money  
Types of Financial Institutions  
Mortgage Options  
Down Payment and Closing Costs  
Pre-Qualification or Pre-Approval

### **Factors to Consider in Housing Selection**

Personal Needs and Wants  
Location  
Type and Style of House  
Type of Construction  
Interior and Exterior Space  
Special Needs  
Building as an Option

### **Locating a House**

Finding the House  
Using Real Estate Professionals  
Buying Direct From Owner

### **The Sales Contract**

Components  
Acceptance

### **Home Inspections**

Reasons for Home Inspections  
Locating an Inspector  
What Inspections Include  
Limits of Liability

### **The Mortgage Process**

Loan Application Process  
Approval or Rejection  
The Mortgage Payment

### **Purchasing Homeowners Insurance**

Before You Start Looking for a Home  
Stability of the Insurance Company  
Costs and Coverage  
Customer Service

### **Warranties**

### **The Closing**

Preparation for Closing  
Final Walk Through  
Closing Day Procedures

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