



Premier Group

*The Insurance Experts
Providing Peace of Mind.*

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Your Quarterly Insurance Agent Newsletter

Preventing Home Insurance Claims and Rising Premium Costs through Education

"What's insurance for?"... Is a question we hear a lot from homeowners submitting small home maintenance-type claims.

One homeowner's toilet was not working well, did nothing about repairing it, and it eventually overflowed costing \$1200 in damage to the ceiling below. Their home insurance deductible was \$500. After the insurance company applied the deductible to the claim cost, the homeowner received \$700 (\$1200 - \$500). But the insurance policy only costs them \$650. The small claim wiped out the entire cost of the policy premium that was designed to protect the homeowner against a low percentage or "low chance of happening" catastrophic loss like house fire, tornado or hurricane costing thousands and sometimes hundreds of thousands of dollars.

The consequence for using the home insurance policy for maintenance protection is an increase premium for the next year. Worse yet, if the mortgage company fails to pay the insurance premium **on time**, and a homeowner has a claim within three to five years with a credit rating less than excellent, then the insurance company will cancel the policy due to nonpayment and not renew. Unfortunately, the homeowner is no longer eligible for insurance with the standard companies. Other insurance may be available through the nonstandard insurance market and may provide only a basic policy not covering water damage, and may cost two to three times the standard company price. The homeowner's mortgage payment could increase by an alarming \$100 per month.

Have you refinanced this year? Many homeowners have refinanced their mortgage recently because of low interest rates. One potential problem of refinancing can arise when the previous mortgage company remains accidentally listed on the insurance policy. If so, the insurance bill may be sent to the wrong mortgage company who will not pay the insurance and force a cancellation of the policy due to nonpayment. Consequently, if the homeowner has a claim on their record, they will be forced to find coverage elsewhere in the substandard market. **Please check your policy to make sure the correct mortgage company is listed and is the payor of the insurance premium.**

Paying the cost of, and taking responsibility for preventive maintenance on your home will reduce the risk of costly "break-down" damage and protect your insurance premium from increasing. Call our office if you have any questions about your policy.

- HOMEOWNERS
- APARTMENT RENTERS
- CONDOMINIUM HOMEOWNERS
- FIRE
- LIABILITY

- CUSTOM DWELLINGS
- FLOOD
- LIFE
- MORTGAGE
- TERM



- UNIVERSAL LIFE
- HEALTH
- AVIATION
- AUTO
- DISABILITY

- MEDICARE SUPPLEMENT
- BOAT
- UMBRELLA LIABILITY
- GROUP PLANS
- BUSINESS