

How is my home insurance premium calculated?

How insurance premiums are determined can vary from insurance company to insurance company, however, most companies will implement the following when deciding what to charge you for your home insurance.

Location - Insurance companies will take into consideration the crime rate in your neighborhood, how near your house is to the fire station, and the chance for "act of God" claims.

Type of construction - whether your house is made of wood, stucco siding, brick, or stone.

When your home was built - new homes usually qualify for reduced cost.

Amount of coverage - the amount of coverage you purchase on your home, the contents of the home, and the liability limit will be factors in the price of your policy.

Loss assessment - how your policy will pay for your home in the occurrence of a claim, whether it will pay the actual cash value or the amount it costs to replace the contents lost.

Deductible - how much of a loss you are willing to pay before your coverage starts. If you have a mortgage on your home, the maximum amount of your deductible will often be set by your lender.