

## Insurance tips for home buyers

Buying a house? Make sure your home's quirks don't invalidate your coverage

<http://www.theglobeandmail.com/globe-investor/personal-finance/insurance-tips-for-home-buyers/article1616967/>

You've told your Facebook friends, your banker and your mom: You've found the house of your dreams. But have you told your insurance agent?

Henry Blumenthal thinks you should, even before you buy. The vice-president and chief underwriter of TD Insurance has seen homes with problems so bad they would have increased the buyer's insurance premiums or even invalidated their home insurance.

"I was working on a file where a home inspection revealed that the basement had experienced water damage several times and it would cost over \$75,000 to fix. After speaking to us, the potential buyer learned that the home was in a zone where we receive frequent water damage claims and, because of its location, would be susceptible to water damage even after the repairs," Mr. Blumenthal says. "This is a perfect example of how an insurer's unique insight helped a buyer make his decision. In this case, he decided not to purchase the home."

Insurers are primarily looking at two factors when assessing risk: the frequency with which a particular problem occurs and the potential magnitude of the loss associated with the problem.

If you're in the market for a new home, here's some advice from Mr. Blumenthal that could help you make your buying decision:

**Water is no friend to a home.** Water damage is the most common home insurance claim. For a better understanding of how water can get in and what it can mean for your insurance and your wallet, show your home inspection report to your insurer.

**An alarm system will save you in more ways than one.** Looking at a house with an alarm system in it? Not only will you and your home have added protection, but it can save you money with discounts on your home insurance premiums.

**Accidents do happen.** Consider your liability exposure in a home. Is there a pool that isn't properly fenced? What about uneven concrete that could cause someone to trip and fall? The more hazards there are on a property, the more your liability protection will cost.

**Location, location, location.** Depending on the location of the home, your insurer can identify whether additional riders will be necessary to make sure you are adequately protected.

**It needs a little work.** If you're buying a fixer-upper, flag this for your insurer. When you add value to your home, your insurance policy needs to reflect the increased replacement coverage cost.

**Don't judge a book by its cover.** If your insurer isn't comfortable with an item after reviewing the home inspection report, you should take a closer look before you buy.

**Just a phone call away.** When you're making a purchase of this magnitude, take the time to do your research and speak to your insurance expert. You will have peace of mind knowing you are making a fully informed decision.