

Doron F. Eghbali Real Estate Law

How Much Home Insurance Do We Probably Need?

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One of the complicated problems facing homeowners after securing their dwelling with hard work is how to better protect it against calamities without spending too much. While the answer to this question is rather as complicated as the question itself, there might be some guidelines for homeowners to relatively insure themselves. Let us further explore this important subject.

SOME HELPFUL GUIDELINES

1. The More Income You Have, The More Protection You Need

Probably, the salient point to keep in mind is the relationship between your annual income and home insurance coverage. This means if you have a relatively expensive home or pool, then your liability insurance should certainly cover more than the average \$100,000 liability.

a) Jewelry, Art and Other Valuables May Require More Insurance

Usually, homeowner's liability insurance would insure you against 70% of your possessions such as furniture, electronics or appliances stolen, destroyed by fire, hurricane or other insured calamities.

However, such insurance, usually would not cover valuables such as your jewelry, fur, or silverware. The maximum insurance, usually, for such valuables is from \$1,000 to \$2,000.

In this situation, you might want to obtain a floater. However, to accurately obtain your the accurate insurance, you need to first assess your variables. After you know how much you need you can intelligently and somewhat prudently obtain your floater. Generally, nowadays, for every \$1,000 worth of property you pay about \$7.50 for the floater. However, note in places where crime is high your premiums tend to be higher. Likewise, if you store your variables in a safe or bank safety deposit box, your premium might be relatively lower.

2. The More Geophysical Problems, The More Protection You Need

a) Living In a Fault Zone

If you live in or close to a fault zone, then you might want to seriously think about earthquakes and how to insure their properties. Generally, premiums for wooden houses are relatively lower as opposed to brick homes. The reason is homes made of wood would theoretically hold up relatively better under stress. To determine if you are living in or close to a fault zone, you could ask your mortgage lender or check out the US Geological Survey's Earthquake Hazard Program: For [Historical Map](#) or [Present-Day Maps](#).

b) Living In a Flood Zone

The most important inquiry, probably, is to define flooding. Usually, based on insurance companies definitions, flooding means, any water that comes across the ground such as any overflow from ocean, lake or river, even mudslides or snow melts. Interestingly and by contrast, if water is because of torrential rain, tornado, hurricane or even a tree causing water to enter, then the damage IS USUALLY COVERED BY YOUR insurance policy.

Accordingly, probably, the best barometer to pay flood insurance which could be anywhere between \$355 to \$1500 in high-flood areas, is to ascertain whether your house could be flooded based on the insurance company definitions and whether this cost is worth not being insured.

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