

What can you do to save money? Although insurance prices are currently on the rise, there are several things consumers can do to keep their costs under control - and perhaps even save money.

Ask about discounts. Insurers offer many discounts to their customers including rewards to long-time customers and clients who combine several policies, such as their auto and homeowners insurance, with their company.



Maintenance. Keep your home well-maintained. Regularly inspect and replace water hoses and other fixtures that might leak or spark. Preventing household damage with regular maintenance is much cheaper and less frustrating than repairing damage caused by water leaks or a fire. Remember that a homeowners insurance policy is not a home maintenance contract, and will not cover damage caused by lack of maintenance.



Home Security. Installation of certain home security devices and systems may qualify for an insurance discount.



Deductibles. Consider raising your deductible and filing a homeowners insurance claim only in the event of a large loss. Higher deductibles can save 15 percent or more on the cost of the insurance premium.



Shop around. More than 150 insurers write homeowners policies in California, and different companies offer different financial incentives to attract business. Shop your policy to several companies, but be sure to ask questions.



Copyright 2003
Insurance Information Network of California
Personal Insurance Federation of California

California Homeowners Insurance



Why Costs Go Up -
and What You Can
Do To Save Money

There's no question about the importance of available and affordable insurance to California. For homeowners, coverage helps to protect the largest investment of their lives. But the availability of affordable homeowners insurance also affects large segments of California's economy, from the real estate industry to financial service markets.

Despite its important role in our lives and our economy, the homeowners insurance market balances on a number of factors that can rapidly change, affecting its cost and even its availability.

From 1997 to 2001, the number of non-catastrophic losses paid per insured home climbed more than 10 percent, and the average claim cost skyrocketed by 29 percent. As a result, it cost insurers on average 42 percent more to provide insurance for a home in 2001 than it did in 1997. Over the past decade, home insurers have paid out \$1.18 in expenses for every dollar that they have earned in insurance premium.

Several issues have contributed to this trend in California:

Water Claims: California insurers paid an estimated \$2 billion between 1997 and 2001 to satisfy claims for household water damage - more than most natural disasters. The cost of water-related damages has climbed significantly in a short time, with the average California water damage claim escalating from \$2,537 in 1997 to \$4,730 in 2001. If mold costs are added, claims costs can rise more dramatically.



Home Building/Repair Costs:



Though inflation has been relatively stable in recent years, the cost of home repair has not. While the Consumer Price Index (which measures the cost of living) increased by 8.4 percent from 1999 to 2001, the cost of home repair escalated by 17.3 percent during the same period.

Lawsuits: The rising cost of lawsuits drives up homeowners liability costs. Average jury awards have nearly tripled since 1994 and nationwide, tort costs equaled \$636 per person in 2000.



Catastrophes: During the 1990's, the frequency and severity of natural disasters such as earthquakes, wildfires and storms increased considerably. Over the past 12 years, insurers paid more than \$100 billion in catastrophe claims, or about \$700 million per month.

