

5 Home Improvements That Can Save You Money on Homeowners Insurance

Insurance premium discounts can vary greatly depending on where you live and a number of other criteria

By Tobie Stanger

With home-improvement season in full swing, this is the time of year when you might make upgrades that can protect your home from burglaries, fires, and storms, such as hurricanes and tornadoes.

If you take steps to make your home safer, your homeowners insurance company could reward you with a premium discount, depending on what you've done.

Here are five home improvements to consider.

1. Install a Security System

You could get a break on your home insurance premium if you install a burglar alarm or a more sophisticated home-security system, which is tied to an outside monitoring system. The discount will likely be higher with the home security system, says Michael Barry, a spokesman for the Insurance Information Institute, an insurance industry group based in New York.

Some insurers will ask for an "alarm certificate" that shows that your system communicates with the local police or a private security company, Barry notes.

The discount: The amount you can save varies but discounts for stand-alone burglar alarms range from 2 to 5 percent among insurers in Maine, for example, including Travelers and several regional companies, says Gary Blackwell, who operates an independent insurance agency in Corinth, Maine.

And if you have a home security system, you could shave an additional 2 to 3 percent off the premium, he says.

2. Improve Major Home Systems

If you upgrade the electrical, heating, and plumbing systems in your home, your home insurer may reduce your premium because your home will be less vulnerable to fires or flooding from a burst inside pipe, which is covered by homeowners insurance.

The discount: Farmers Insurance offers an average, 6 percent cut to your premium when you completely replace your plumbing during a remodel; you'll get an additional 2 percent off if you completely overhaul your electrical system.

For new or remodeled homes, Amica offers discounts on the entire premium of up to 33 percent. But Lynn Malloney, a senior assistant vice president at Amica, says that the criteria depend on the kind of improvement, and eligibility varies from state to state.

3. Replace the Roof

In 20 states prone to hail, replacing your roof can trigger a "roof age" discount. In other cases, you may need to install a specific type of roof to get a reduction in your homeowners insurance. A number of insurers will trim premiums for customers in areas prone to hurricanes, tornadoes, or wildfire, for example, if they purchase a "fortified" roof made of stronger materials, says Susan Millerick, a spokesperson for the Insurance Institute for Business & Home Safety, based in Tampa, Fla.

The discount: State Farm offers a discount of up to 35 percent for impact-resistant roofs in some states, to reduce any damage from hail and other wind-borne objects. The discounts vary, though, depending on location.

Kathy Ziprick, spokesperson for DaVinci Roofscapes, based in Lenexa, Kan., says clients who have replaced roofs with fortified versions have reported premium discounts from their insurers ranging from 5 percent to 15 percent, or more. “The discounts seem to be highest in California, where fires are more common,” she says.

When insurers offer discounts because of new roofing, they may only give breaks for certain products from specific manufacturers. Check with your carrier before replacing your roof. State Farm, for instance, publishes lists of eligible roofing materials for policyholders in 26 states, as well as Alberta, Canada. The insurer gives breaks on asphalt composition shingles, clay tiles, concrete tiles, metal, and slate shingles, among others.

In states prone to windstorms, adding protective devices such as roof clips could garner savings. In Connecticut, Florida, Maryland, North Carolina, and South Carolina, for instance, USAA offers discounts for other storm-related improvements, such as storm shutters.

4. Add Sensors and Detectors

Depending on where you live, adding smoke detectors or sensor systems that detect gas leaks or extreme temperature changes could reduce your insurance bill.

Blackwell, the Maine insurance agent, notes that some of his clients have saved on premiums by installing “freeze alarms”—when they’re not home and the temperature in their homes drops below a preset number, the system will contact a designated person by phone, text, or email. That person can then adjust the heat settings.

The discount: While smoke detectors are required in most parts of the country—and often don’t garner a discount—it’s still worth checking to see if you can get a break on your premium. Some insurers may offer 2 to 5 percent off for those devices, Blackwell says.

For systems that detect gas leaks or extreme temperature changes, Blackwell says some insurers will give a 3 to 5 percent discount.

State Farm says it offers discounts of up to 6 percent for homes with certain fire, smoke, or burglar alarms. Travelers gives a discount for homes equipped with smart home technology that lets you know remotely when a fire or burglary is happening.

If you have a home water-leak detection system, Farmers Insurance says it shaves an average 3 percent off the premium charged. Such a detector notifies you of likely plumbing leaks almost instantaneously. “It gives homeowners the opportunity to turn off the main water valve before too much water damage occurs,” says Farmers’ Kraft.

5. Get a Generator

Your insurer may reward you if you install a generator. A working generator helps ensure that systems and appliances run by electricity—such as central air conditioning units, dehumidifiers, refrigerators, and sump pumps—continue to operate during and after a power outage.

Maintaining those systems can reduce the likelihood of costly mishaps and insurance claims for perils such as basements flooded from burst pipes. (Homeowners insurance covers flooding caused by a malfunction in your own home’s systems; for flooding caused by water or mud coming from the outside, you’ll need flood insurance.)

The discount: Amica offers discounts of 4 to 10 percent on the property portion of its homeowners policy, if you have an automatic generator. The specific discount depends on where you live.

Natalie DiCecca, director of operations for Gordon Atlantic Insurance, an agency based in Norwell, Mass., says the regional carriers that her company represents offer discounts between 5 and 10 percent off the homeowners premium. On the typical, \$1,500 policy her customers buy, that’s an annual savings of up to \$150 a year.

To be eligible, homeowners need to show proof to insurers that the generator is permanently installed by a licensed professional, DiCecca says.

Other Ways to Cut Costs

There are many other ways to reduce your homeowners insurance premium. Some insurers offer a 5 percent discount to homeowners in fire-prone areas who cut back dry brush near dwellings and outbuildings, for example. To get the discount, though, your community must participate in the Firewise program sponsored by the National Fire Protection Association. The program teaches people how to adapt to living with wildfires and encourages neighbors to work together and take action to prevent losses.

Consumers also can save on the premium by raising their deductible. Because insurance is meant to cover big losses, a deductible of \$1,000 is a better choice than a deductible of \$500. Of course, with a higher deductible you should have more money saved to put toward anything that goes wrong.

Another strategy to save is to buy homeowners and auto policies from one insurer, which could cut premiums for both kinds of coverage by 20 percent, DiCecca notes.

To make sure you're getting the best price, shop around every three years or so for homeowners insurance carriers. Consumer Reports surveys show most people don't shop regularly for homeowners insurance and may miss out on significant savings.

www.consumerreports.org/homeowners-insurance/home-improvements-that-can-save-you-money-on-homeowners-insurance/

