

THINGS YOU SHOULD KNOW ABOUT PURCHASING HOME INSURANCE

THIS NOTE IS NOT A SUBSTITUTE FOR SEEKING THE ADVICE AND ASSISTANCE OF A REGISTERED INSURANCE INTERMEDIARY.

Why You Need Home Insurance

Buying a Home is one of the biggest investments in your life. Whether you receive financing through the bank, or pay out of pocket, you will need to purchase home insurance to protect your home and personal property. Those who rent may not need home insurance, but Contents Insurance is needed to protect furniture and other personal property.

The Amount of Coverage You Need

How much coverage one needs depends on many factors, including the total value of the property to be insured, and the location of the property. The type of coverage you chose, whether Homeowners *Including Catastrophe* or *Homeowners Excluding Catastrophe*, can determine how much you pay out of pocket when disaster strikes. The amount of coverage you seek will affect the premium you pay.

Underinsurance and condition of average

It is important to note that underinsurance may result in a “condition of average” clause being applied to your claim.

Condition of Average – Example:

If at the time of loss or damage, the Property Insured is of a collectively greater value than the total sum insured then you will be considered responsible for the difference and bear a ratable share of the loss accordingly.

For instance, if your home’s market value is \$200,000, and you insure it for \$100,000, then you have only insured the home at 50% of the market value. Therefore, if you have a claim for \$50,000, you can only expect to receive \$25,000, less your deductible.

Shop Around– You have a Choice

When it comes to insurance, it pays to shop around because savings are possible. In The Bahamas, all insurance products must be sold through an intermediary; i.e. Agency, Brokerage, Sub-Agent or Salesperson. A list of all registered intermediaries can be found on the Commission’s website (www.icb.gov.bs). **It is against the law for anyone to conduct insurance business without being registered with the Insurance Commission.**

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Review Your Home Insurance Needs Every Year

We recommend that you have a meeting with your intermediary at least once every year to ensure that your policy provides adequate coverage. You should notify your intermediary of any additions of rooms, or remodelling which may add value to your home and therefore increase the value of the home.

Read Your Policy Carefully

Consumers should be aware that a home insurance policy is a legal contract. A consumer's rights and responsibilities, as well as those of the insurer are clearly outlined in the policy. When home insurance is purchased, consumers should always receive a physical copy of the policy. This copy should be read carefully. Consumers should ensure that the contents are understood. If there are any questions about the policy, they should contact their insurance intermediary for clarification.

