

INSURANCE MAKES A DIFFERENCE

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Times change that's for sure. They are either getting better or getting worse, but they are never staying the same...

Recent developments in the real estate insurance business has caused great concern to both home sellers and buyers. Huge payments made to claimants in various parts of the country for a variety of complaints such as mold problems (health) and water damages (structural) have caused some of the major insurance companies to either refuse to write new policies, or to issue severely limited and/or exclusionary policies. Increasingly more frequent, the problem with obtaining satisfactory coverage has caused lenders to balk at making the mortgage loans they had originally agreed to issue, thus killing the sales transaction. Or, if coverage can be had, it can be made available only at a very expensive premium.

Some of the particular concerns of insurance companies deal with whether or not there has been a claim filed within the last three years, for example, for water damage to the subject property. Is the entire foundation of the house strapped properly in accordance with current seismic regulations? Are the electrical and plumbing systems upgraded (at least within the last 25 years)? Is the house situated on a slope of 30 or more degrees? Is brush cleared from around the house in a 1,000 foot perimeter? Sometimes certain dog breeds trigger higher rates (or refusals?). Often, insurance companies may rely on a the detailed, written report issued by a professional home inspector hired during the purchase process by the buyer or seller in order to determine the worthiness of the home.

Prior to issuing insurance coverage, companies typically check a major data base referred to as a "clue report." This report includes references to past insurance claims made by the applicants as well as the claim history of the property. In addition, most companies run a personal credit report on applicants; high credit scores, such as 700 or above, may result in better premium rates.

It would seem a good idea for any homeowner, potential seller or buyer to question their insurance carrier ahead of time (now is not too late) to verify concerns about some of these latest insurance developments. This writer recently attended a meeting where a very knowledgeable insurance representative, Grace Neumann, of Whilt, Fatch & Perry, (805-687-1326) explained some of these immediate topics. Grace would be happy to explain matters further if contacted by any readers.