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The Importance of Homeowners Insurance

As homeowners, we all know that our mortgage company requires us to obtain a homeowners policy of insurance. Your mortgage company has an insurable interest in your home and the homeowners policy protects both your and the mortgage company's investment. In the event the house is damaged by a covered peril, the insurance policy will pay to restore the property to its full value in most instances.

We sometimes hear from seniors that they have dropped their homeowners insurance because they no longer have a mortgage and don't see the need to insure their home. They explain that the money they save is needed for other expenses.

Although it is true that homeowners insurance is not required if your home does not have a mortgage, seniors still need to protect their most important investment, their home. We hear from seniors who have canceled their insurance and then suffered a devastating loss. Ask yourself, if you suffered a loss to your home, would you be able to pay to repair or even rebuild? We often think of insurance as paying to rebuild after a fire. Think about a smaller loss such as a burst pipe or roof damage caused by wind and how much these expenses would cost you without a homeowners policy in effect. Would you have the money to repair your home if those losses are in the tens of thousands of dollars? What would you do and where would you go if tomorrow your home was uninhabitable due to a loss?

We hope and encourage you to think about the possible consequences of potential catastrophic losses that could severely affect your overall finances before you decide to cancel your homeowners insurance. If you wish to shop around, please visit our website at www.insurance.maryland.gov. We produce a rate guide for homeowners insurance that will allow you to compare rates from many companies.