

## Trying to Save Money? Avoid the Five Biggest Insurance Mistakes

There are many ways to save on home and auto insurance. Be careful, though, not to make mistakes that could result in your being dangerously underinsured.

“Even when your budget is stretched thin, it is still important to have the right amount and type of insurance to be financially protected against a catastrophe,” says Buddy Walker at O.H. Walker Insurance Agency, Inc. in Charlotte NC

According to the Insurance Information Institute, these are the five biggest insurance mistakes that people often make:

**1. Insuring a home for its market value rather than for the cost of rebuilding.** When real estate prices go down, some homeowners may think they can reduce the amount of insurance on their home. Insurance is designed to cover the cost of rebuilding, not the sales price of the home. You should make sure that you have enough coverage to completely rebuild your home and replace your belongings.

*A better way to save:* Raise your deductible. An increase from \$500 to \$1,000 could save you around 10 percent on your premium payments.

**2. Selecting an insurance company by price alone.** It is important to choose a company with competitive prices, but also one that is financially sound and provides good customer service.

*A better way to save:* Check the financial health of a company with independent rating agencies. You should select an insurance company that will respond to your needs and handle claims fairly and efficiently.

Financially strong insurers like Erie Insurance have the financial wherewithal to ensure that payment is made when it's due. ERIE's property/casualty companies are rated A+ (superior) with a stable financial outlook. Additionally, ERIE ranks among the 50 top performing insurance companies, according to the Ward Group, which analyzes the financial performance of 3,000 property-casualty companies. ERIE has also won awards for customer satisfaction and claim service by independent consumer organizations.

**3. Dropping flood insurance.** Damage from flooding is not covered under standard homeowners and renters insurance policies. Many homeowners are unaware they are at risk for flooding. Coverage is available from the [National Flood Insurance Program](#) (NFIP), as well as from some private insurance companies. Erie Insurance offers coverage through American Bankers.

*A better way to save:* All types of homes, including condominiums, are eligible for flood insurance. You can even purchase flood insurance to protect your contents if you rent

your 1876-7 6/14 home. It's a good idea to start the process as soon as you can because most flood insurance policies have at least a 30-day waiting period before they take effect.

**4. Only purchasing the legally required amount of liability coverage for your car.** In today's litigious society, buying only the minimum amount of liability coverage means you are more likely to have to make out-of-pocket payments — and those costs may be steep.

*A better way to save:* The insurance industry and consumer groups generally recommend a minimum of \$100,000 of bodily injury liability protection per person and \$300,000 per accident.

**5. Neglecting to buy renters insurance.** A [renters policy](#) covers your possessions and additional living expenses if you have to move out due to a disaster. Equally important, it provides liability protection in the event someone is injured in your home and decides to sue.

*A better way to save:* Look into multi-policy discounts. Buying several policies with the same insurer, such as renters, auto and life will generally provide a savings.

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