

Insurance costs might leave your deal all wet

Friday, November 07, 2014, Vol. 38, No. 45

If a tree falls in the woods and no one hears it, is there sound? That's a question for the ages.

If a tree falls onto a neighbor's house, whose insurance pays? That one is not debatable. It's the insurer of the damaged home.

Homeowners insurance has become a more important piece of the real estate puzzle and can determine the affordability and the feasibility of a home purchase.

A couple was considering a home recently that was in the flood plain, which required \$270 per month in flood insurance.

This property also included a detached apartment on the land that had flooded. In order to insure that structure, an additional premium of \$250 was required.

For cost of the additional flood coverage, the buyer could have chosen to borrow an additional \$125,000 for a more expensive property.

Additionally, there is the fear that a property in the flood plain may actually flood, a concern that was not prevalent prior to 2010, and all of the issues that are caused by moisture and its friends, mold and fungus.

The hail storm of 2012 took insurance matters to a higher level and drove several insurance carriers from Tennessee, as the state became a high-risk district. A unique aspect of homeowners – sometimes referred to as hazard – insurance is that it follows the homeowner and the property, unlike car insurance.

Car insurance increases premiums for drivers with poor driving records, but does not penalize the vehicles simply because the operator cannot drive.

If a driver has four speeding tickets, a DUI and/or reckless driving citations, his or her premium will go through the roof. However, if that person sells the car, the new owner's insurance is not based on the record of the previous owner.

It was not the car's fault its prior owner was careless.

In matters of homeowners insurance, the history of the home comes into play, and that seems fair



enough as the homeowner – except in the rare case of a certain pharaoh – has no control over the weather.

What is somewhat odd is that if the C.L.U.E. report, the report that tells the insurance company the seven-year history of the property's claim activity, has numerous owner-caused claims – hot tubs overflowing or fires caused by negligence – those stay with the structure.

In some cases, the bad behavior of the previous owner can affect the premium, and/or the insurability, of the new owner.

In some storm ravaged areas, one of the contingencies in the contracts is that the contract is based on the ability of the new homeowner to obtain insurance on the dwelling.

Homeowners should include moisture abatement in their maintenance plan, as that feature is often overlooked and could lead to harmful organic growth or a plague of locusts or frogs. For more about frogs, read on.

Sale of the Week

The newly constructed residence at 3207 Granny White Pike – 3,277 square feet, four bedrooms and three full baths – sold last week for \$825,000.

Tim Kyne of Keller Williams Realty was the listing agent, representing a green builder who added Energy Star appliances, a tankless water heater, Energy star windows and a massive, inviting covered porch.



The main suite, or owner's suite, is on the main level, with the other bedrooms on the second floor, along with a recreation room.

Once, when showing a family relocating from North Carolina, I thought I heard the wife and husband comment on how big the frogs are here, but the comments were not meant for my ears so I didn't comment.

On about the third house, they asked me if all the houses we would see that day would have these spacious frogs. Having never heard spacious as an adjective for frog, I responded that they some are larger than others. They were astonished.

“You mean some are larger than this?” He exclaimed.

“Than what?” I asked.

“Than this.” He repeated spreading his arms as far as they would stretch.

“I don’t see a frog.”

“This room. This frog.”

“I don’t have any idea of what you mean”.

“Rooms this big,” he explained.

“What?” I was stumped.

“Don’t you call them frogs here?”

“Call what frogs?”

“The family room over the garage,” he clarified.

With its two-car garage, this home has a large FROG. No stranger to FROGs – or to Toad the Wet Sprocket – is the buyer’s agent in this deal, Leslie Lovin, the Realtor to the rock stars who works for Parks in the Gulch.

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