



## Insurance Institute of Michigan

**FOR IMMEDIATE RELEASE**  
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### Michigan Homeowners Premiums Remain Below U.S. Average

LANSING — Homeowners insurance premiums in Michigan remained below the national average based on a recent study by the National Association of Insurance Commissioners (NAIC). The 2007 premium for a Michigan homeowners policy was \$721, which is below the national homeowners insurance premium average of \$822.

The average home premium of \$721 is up slightly from 2006 (\$715) but down 2.6 percent from 2005 (\$734).

“Michigianians are getting a good value to protect their most expensive possession,” said Pete Kuhnmuench, Executive Director of Insurance Institute of Michigan (IIM). “Competition among insurance companies operating in the state helps keep premiums lower than in other parts of the country.”

The HO-3 policy served as the basis for the NAIC study. It is the most common policy, providing the broadest coverage available. The HO-3 provides coverage for the home against many perils, including fire, lightning, windstorm, hail, explosion, riot, smoke, glass breakage, vandalism and theft. Personal property is covered up to selected limits outlined in the policy.

The NAIC study included 2007 average renters insurance premiums by state. The study found that Michigan renters also pay less than the U.S. average for coverage. Michigan renters pay an average of \$170, compared to the national average of \$182.

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“Renters shouldn’t overlook the need for insurance,” Kuhnmuench said. “For about 50 cents a day, they can have protection for their personal belongings.”

The amount consumers pay for homeowners insurance is affected by many factors, such as the type of construction, age of home and quality of local fire protection services. By shopping around and taking some simple steps, consumers can take advantage of the competitive marketplace and possibly save some money.

It is important to remember that you are insuring your home for the cost of rebuilding, not for its real estate value. Right now, when real estate prices are down, some homeowners may think they can reduce the amount of insurance on their home. However, insurance is designed to cover the cost of rebuilding, not the selling price of the home. You should make sure that you have enough coverage to completely rebuild your home and replace your belongings.

There are ways to save on your insurance, however. IIM officials suggest the following:

- Take advantage of discounts offered by your insurance company. Discounts may be offered for installing smoke detectors and dead-bolt locks, insuring both your home and auto with the same company, maintaining good credit and living in a nonsmoking household.
- Raise your deductible. Covering small losses could mean a substantial reduction in your annual homeowners insurance premium. Higher deductibles could produce a savings of 15 to 30 percent.
- Always shop a number of carriers for the best combination of coverage price and service.

The Insurance Institute of Michigan is a nonprofit organization representing more than 90 property/casualty insurance companies and related organizations in Michigan. For more information about insurance, contact the Insurance Information Hotline, toll-free, at 1-800-777-8005 Monday through Friday, 8:30 a.m. to 4:30 p.m. or visit us on the web, [www.iiminfo.org](http://www.iiminfo.org). IIM is also on Facebook.