

Homeowners Insurance for Home Purchases in MA

Homeowners insurance is required for home purchases in MA. If it's your first time buying a home, you may be wondering what is required before and after closing. Here's what you need to know about homeowners insurance.

Securing Homeowners Insurance Before Home Purchases in MA

Before your scheduled closing, you must provide your mortgage company with a homeowners insurance binder. The binder provides important information about your insurance policy and must specifically list your lender. Ask your lender ahead of time about what exactly must be listed on that binder to avoid the need for corrections. You may select whichever insurance company you wish, so long as the coverage amounts are sufficient for your property.

Homeowners insurance premiums are due yearly, in advance. You may pay your first year's premium directly to your insurance company before closing. Another option is to include that premium in your closing costs. In that case, your lender will mail payment to your insurance company after closing.

Annual Homeowners Insurance Renewals

Each year, your insurance policy will automatically renew. You certainly have the option to change insurance providers at any time, although making changes effective on the renewal date could simplify things. Be sure to notify your existing homeowners insurance company that you do not intend to renew. Additionally, you will also need to notify your mortgage company since they are likely paying the premiums each year for you.

Homeowners Insurance Escrows

Mortgage companies require that you maintain insurance coverage on your property. It is their way of protecting the money they are lending to you. To ensure that premiums are paid every year, most mortgage companies require you to escrow funds.

Each month, your mortgage payment may include an amount towards taxes and insurance. The funds get placed into an escrow account. When taxes and insurance payments are due, it is then paid from that escrow account. This also makes those expenses easier to budget since you pay towards them each month rather than as a lump sum when due.

More on Homeowners Insurance for Home Purchases in MA

Homeowners insurance is important protection for both you and your lender. Always make sure that your policy is up to date, and certainly shop around for better pricing and coverage. Contact your local insurance agent for additional information on homeowners insurance and options/upgrades available to you.