

## Why Home Security Systems Make Sense

A home burglary occurs every 15 seconds in the U.S., and most happen during the day. With close to 3 million reported every year, the chance of a burglary is higher than most people realize (Electronic Security Association, 2019). Many homeowners have a false sense of security, believing they live in a “safe neighborhood.” Crime statistics show that when it comes to home burglaries, all neighborhoods are at risk. While that seems alarming, there are increasingly new and better ways to protect yourself.



## What about Homeowner’s Insurance?

Homeowner’s insurance provides coverage for your home, personal property and personal liability in the event of a burglary. In most cases, there are three coverages that protect you from theft: 1) coverages for the home itself, 2) other structures on your property and 3) your personal belongings. It’s important to identify any special limits, or sub-limits on your policy regarding certain valuables. Many times, these types of policy limits don’t fully reimburse the full value amount unless you have an endorsement. If that’s the case, you should consider upgrading your cash value contents coverage to what’s referred to as Replacement Cost Value coverage, or RCV. RCV policies pay you the full cost to replace your property with a product of similar type and quality.

If you become one of the growing number of home burglary victims, you may see changes in your homeowner’s policy. Although most homeowner policies cover losses due to theft, your insurance company can modify your policy with added costs after you’ve filed a claim.

### Here are some of the potential adverse changes:

- **Higher premiums** – Depending on the terms established by your original policy, some carriers will increase your premiums. The amount of increase will vary by the type of claim and the state you live in, among other variables, but the average increase to premiums following a theft claim is 13% (policygenius.com).
- **Policy cancellation** – Although extreme, there are insurance companies that will cancel your policy if you’ve had multiple theft claims. The National Association of Insurance Commissioners warns consumers to carefully read the fine print associated with your homeowner’s policy, as many states reserve the right to cancel your policy or increase your premiums and/or deductibles in the event of a claim.

## Home Security Systems are a Good Idea

Installing a home security system provides two potential benefits. First, there is considerable evidence to suggest they can deter crimes from taking place. According to alarm.org, 90% of convicted burglars surveyed said they would avoid homes where security alarms are visible.

Second, many insurance companies offer reduced rates for homeowners who have a home security system. The actual savings on your insurance premium will vary based on several factors, including the quality and level of security offered by the system you purchase. In some cases, homeowners can save as much as 25%.



Here are a few features that will have the most impact on reducing your insurance costs:

- **Professional Monitoring** – Most insurance companies require that the system be professionally-monitored to get a discount. Some offer a Homeowner's Insurance Certificate to send to your insurance company.
- **Water or Gas Leak Detection** – Some home security systems have sensors that send a notification to your smartphone to alert you to these kinds of leaks. Some others, even more sophisticated, can automatically shut off the water. Bankrate estimates that these sensors can shave as much as 10% off your home insurance premiums.
- **Monitored fire and smoke alarms** – Another great way to save is to install monitored fire and smoke alarms which send a notification to your smartphone when smoke or fire is detected.
- **Security cameras** – 24/7 video monitoring offers higher levels of deterrence, and in turn many insurance companies see that as a reason to further lower your costs.



## The Dollars and Sense of Home Security Systems

Most police and crime experts believe that a home security system decreases your risk of a home burglary by as much as 60%. According to the NAIC, the average homeowner's insurance premium is \$1,211 per year. The average cost of a home security monitoring system is approximately \$30 per month. A 20% reduction in your insurance premium is \$242, which is less than your cost for the security system which averages about \$360.

**Average Annual Cost of Home Security System: \$360**

**Potential Annual Savings in Homeowner's Insurance: \$242**

**Net cost for the Home Security System: \$118**

All in all, the peace of mind that comes with a Home Security System makes it a worthwhile investment to protect your home and its contents.

