

Can I own a home without homeowners insurance?

Unlike driving a car, you can legally own a home without homeowners insurance. But, if you have bought your home and financed the purchase with a mortgage, your lender will most likely require you to get homeowners insurance coverage. That's because lenders need to protect their investment in your home in case your house burns down or is badly damaged by a storm, tornado or other disaster.

If you live in an area that is likely to flood, the bank will also require you to purchase flood insurance. Some financial institutions may also require earthquake coverage if you live in a region vulnerable to earthquakes. If you buy a co-op or condominium, your board will probably require you to buy homeowners insurance.

After your mortgage is paid off, no one will force you to buy homeowners insurance. But it is not advisable to cancel your policy and risk losing what you've invested in your home.

Source: *Insurance Information Institute* www.iii.org