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5 Reasons You Need A Home Warranty

Wondering if you really need a home warranty? Here are five reasons why you do! Generally speaking, home warranties offer appliance discounts and save on repair costs.

What Is a Home Warranty?

A home warranty is not the same thing as homeowners insurance, which covers major perils such as fires, hail, property crimes, and certain types of water damage that could affect the entire structure or the homeowner's personal possessions.

A home warranty is a contract between a homeowner and a home warranty company that provides for discounted repair and replacement service on a home's major components, such as the furnace, HVAC, plumbing, and electrical systems. A home warranty may also cover major appliances, such as washers and dryers, refrigerators, and swimming pools.

Often homeowners insurance doesn't cover these components. Or, the cost of fixing them (while expensive) wouldn't meet the policy's deductible—the dollar point at which insurance coverage kicks in.

Most plans have a basic component that provides all homeowners who purchase a policy with certain coverages. Homeowners can also purchase one or more optional components that provide additional coverage at additional cost.

Home warranty companies have agreements with approved service providers. When something that is covered by a home warranty breaks down, the homeowner calls the home warranty company, which sends one of its service providers to examine the problem. If the provider determines that the needed repair or replacement is covered by the warranty, they complete the work. The homeowner only pays a small service fee, plus the money already spent to purchase the warranty.

The New Year is always a good time to take stock of how you invest your time and money, including ways to protect your budget and prepare for the unexpected. Whether you've considered home warranty coverage before or never given it a serious thought, make a resolution to find out more about how such coverage can benefit you and your home this year.

Here are five reasons why a home warranty is a good investment:

1. Budget protection

A home warranty can help protect your budget by covering many of a home's major systems and appliances that can be normally expensive to repair and replace. Here are some estimates of common household repair and replacement costs without the advantage of home warranty coverage:

A home warranty is a one-year service agreement that covers the repair or replacement of many major home system components and appliances that typically breakdown over time due to normal wear and tear, helping you plan for the unexpected.

2. Anticipate Expenses

A home warranty can help you anticipate out-of-pocket costs. Instead of guessing about what system breakdowns may cost you in 2023, you'll gain a better idea of what expenses to expect, which can help you with your household budget planning.

For example, with some home warranties, you have the option of breaking the cost of your plan by monthly payments or with a one-time annual payment. When you make a service request, you'll also know in advance the amount of the Trade Service Call Fee (TSF) that is due when the contractor arrives at your home to diagnose a covered problem or perform service. Certain home warranty plans allow you to choose the amount of the TSF when you sign up, which could provide more financial control. The higher the TSF, the lower your plan payment is, and vice versa. In addition to helping protect your budget, a home warranty can help you predict your budget.

3. Added Protection

A home warranty can complement standard homeowner's insurance. Unlike homeowner's insurance, a home warranty is a service contract that covers essential appliances and home system components when they break down due to normal wear and tear – items that most homeowners' insurance policies do not cover. While a home warranty is a good accompaniment to standard homeowner's insurance, it's not a substitute for it.

4. Time Management

Time is money, and a home warranty can save you valuable time. Home system and appliance breakdowns always seem to happen at the worst possible times, and can leave you scrambling to find available help from a reliable contractor. Instead of frantically searching for repair assistance, if the item is covered under a home warranty plan, you have a ready resource to call. Most home warranties accept service requests 24/7 by phone or online. They help connect customers with experienced, independent service contractors to repair service breakdowns.

5. Value Added Savings

A home warranty can offer extra savings opportunities. For example, some home warranties offer appliance discount programs that extend exclusive discounted pricing to home warranty customers on quality name brand

appliances with 30%-50% discounts on air conditioning and furnace filters for customers' homes. In addition, customers receive helpful home management information that can help customers run their homes more efficiently.

Home warranty coverage may cost less than you think. With most home warranties, you can even choose from customizable plans that let you select coverage options. Start out the New Year with new home warranty protection for your second most valuable investment next to your health.

Conclusion

Home warranties benefit both the Seller and the Buyer. For starters, homes with a warranty are more likely to sell quickly as home warranty protection gives the buyer more confidence and peace of mind with their purchase. Some warranties provide buyers more coverage than a seller on items. A home warranty reassures a homebuyer and provides the seller with a measure of protection against complaints about home defects that arise after the sale closes.

The bottom line is that home warranties are not a perfect solution to the risks and hidden costs homeowners sometimes face. If a seller or real estate agent wants to give you one, it won't hurt, certainly. Before the home buyer decides to extend their warranty one, they should read the fine print in the home warranty contract and carefully consider whether the warranty is likely to pay off.

Be sure to reach out to multiple home warranty companies and compare their plans to find the right one for you.