

Want to avoid unpleasant surprises with your next house? Get a CLUE!



That rambler or split-level you're eyeing looks perfect in every way, but prior damage and other issues may be lurking in the house's backstory. These are details you'll want to know about before signing the closing papers. And you can, thanks to a free tool that lists insurance losses on a property going back seven years.

The majority of home insurance companies contribute claims history information to a database called the Comprehensive Loss Underwriting Exchange, or CLUE. Underwriters use the information in a CLUE report to rate insurance policies.

If you're clueless about CLUE, you're not alone. A recent survey commissioned by insuranceQuotes.com found that 82 percent of Americans have never heard of the database or the reports associated with it.

What's in a CLUE report?

A home's CLUE loss history report provides insurance company names and policy numbers and any claim numbers. The report lists the dates of any claims, the loss types and amounts paid for losses, and it will tell if a claim was denied. Weather-related losses, fires, theft, vandalism and water damage are some of the types of claims listed. But the report doesn't indicate what part of the property or home was affected. You'd need to ask the homeowner for those details.

A report might be blank, for two reasons: The homeowner did not make any claims in the past seven years, or the home was covered by an insurance company that doesn't participate in CLUE. The report shows history for the current owner going back as long as they have owned the property, up to 7 years. Claims for the property under a different owner won't be included.

How to get a CLUE

A free CLUE report can be obtained once a year from database giant LexisNexis. Requests can be made online or by calling (866) 312-8076.

Here's the catch for a homebuyer: Only the owner of a property may access its CLUE report. So homebuyers must request the report from the owner of the home they're considering buying. Sellers may want to obtain a CLUE report before listing the home for sale, make several copies and have those available for potential buyers. Even a homeowner who's not in the market to sell may want to get a CLUE report — to check for any inaccuracies. Since the CLUE report is one of many pieces of information that an insurer might look at, what is in the report can influence your premiums positively or negatively. So if there are any inaccuracies, it's important to get them corrected, just as it would be for your credit report.

I have a CLUE. What do I do?

A consumer armed with a CLUE report should examine it for any claims that could lead to skyrocketing home insurance premiums. These include fire, burglaries and physical damage to the structure. Is there a hazard on the property? Did someone trip, or fall into a hole? Has the property experienced multiple burglaries? Prior claims might also indicate issues with the physical location of the property that can affect premiums. If it's close to the water or known to flood frequently, insurance can cost more.

A recent claim can have positive ramifications if the damage was addressed properly. For example, if a roof was damaged by a windstorm and replaced by a new one, this would actually make the house more desirable to an insurance company.

A CLUE report is not an inspection

Potential buyers should use the CLUE report to let their home inspector know of any repairs that have been made, so that the inspector can make sure the work was done correctly. A CLUE is not a secret database, and it gives no score or recommendations. It just tells what happened in and outside the home. It doesn't take the place of an inspection or disclosures from the seller. It's an additional tool to evaluate the home and the cost of homeowners insurance.