

Don't Fall Into an Escrow Shortage: 3 Steps to Home Insurance Policy Changes

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Are you considering switching your home insurance policy or carrier? Great call! Shopping insurance annually to find the best coverage at the best price can help you minimize this major expense, which could increase year-over-year.

While the decision might seem straightforward and save you money, there are a few important steps you need to take to ensure a smooth transition. As your mortgage partner, we're here to help! Here's what to do.

Step 1: Notify your loan servicer and provide your new insurance details.

When making any changes to your home insurance policy, notify your loan servicer and provide them with a copy of your new insurance policy to ensure they have up-to-date information on your coverage.

Step 2: Cancel your prior insurance policy

If your prior insurance policy is still active, be sure to cancel it. This step marks the end of your prior policy and allows you to obtain a refund for any unused coverage.

Step 3: Request a refund on your prior policy if it hasn't expired

After canceling your prior policy, you may be entitled to a refund for unused coverage. If you receive a refund, you may need to deposit the funds back into your escrow account to cover the new policy. While this won't guarantee the prevention of a [shortage](#), it can help replenish your escrow balance and minimize a potential shortage in the future.

If we are your loan servicer, here's how you can return the refund to your escrow account:

- **Online:** Log into our website or app, go to *Payment*, select *other payment types*, and enter the refund amount into the *additional escrow* field.
- **By Phone:** Call us to make a payment to your escrow account by phone.
- **By Mail:** Endorse the refund check to us, write "escrow deposit" and your loan number on the check, and send it to our payment address.

Following these steps will help the transition to your home insurance policy go smoothly and help you maintain the minimum balance required for your escrow account. But keep in mind, various factors can lead to an escrow shortage, so this will not fully eliminate the possibility of a shortage.

Need assistance? We're here to help!

If you have any questions or need assistance throughout this process, don't hesitate to reach out to us. We're committed to helping you navigate homeownership smoothly, and we're here to support you every step of the way. Let's work together to ensure your homeownership journey is as seamless as possible!
