

Your rates are not affected by escrow, escrow simply means that the mortgage company will be paying your premiums on your behalf and then adding that cost back in to your monthly house payment amount. There are two negatives for you associated with homeowners escrow. First of all, the escrow agreements generally require that you pay the full year's homeowners insurance premium up front, then a few months into the next year as well. This means that your mortgage company is perpetually keeping a year of home insurance costs in their pocket all the time. In times of high interest rates, they will make quite a bit of money off of this float. In times of low interest rates you could argue that this has little effect on your finances. The other negative is that when your homeowners insurance is being paid by someone else, it becomes an out of sight, out of mind type situation and you may forget to review your policy carefully. This can mean you may fail to keep your policy up to date with changes in your lifestyle or changes at your home, but it can also mean that you don't pay enough attention to the price of your homeowners policy and it can really ratchet upwards over time. For more information on homeowners escrow, [click here](#).