Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Hour: \_\_\_\_\_\_\_\_

Home Insurance Notes

* Risk Management: An \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for protecting yourself, your family and your property.
* Risk Avoidance – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ex: Not driving as to avoid traffic accidents

* Risk Reduction – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ex: Not smoking to reduce chances of cancer

* Risk Assumption – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ex: Not using comprehensive coverage on an old car.

* Risk Shifting – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ex: Insurance

List the four steps of planning an insurance program:

* Peril: Anything that may possibly \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ex: Fire, windstorms, robbery

* Hazard: Anything that \_\_\_\_\_\_\_\_\_ the likelihood of loss through peril.

Ex: Defective electrical wiring in house (fire)

* Negligence: Failure to take ordinary or reasonable care to prevent accidents from happening

Ex: Not clearing ice from front steps

* The five basic areas of coverage offered by home insurance are:
* Personal Property
  + Portion of the homeowner’s policy to cover loss of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Typically a percentage of the insured value of the home itself
  + Usually will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the event of theft of particular items, i.e. $1,000 limit on jewelry

Example: Devin’s home is insured for $125,000. His personal property coverage is 60% of the value of his home. How much personal property loss is he insured for?

* + - * Personal Property = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
      * \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Household Inventory: List or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of personal belongings. Include purchase dates/cost
  + Three ways to create a household inventory are:
* Personal property floater:
  + Covers damage or loss of a specific item of high value
  + Item will need to get \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from time to time to ensure value has not changed.
* Liability: Protection against the possible financial loss due to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that occurs on your property

Ex: Neighbor falls out of your tree, breaks arm

* Not all \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are covered by regular homeowners insurance
  + Ex: Floods and Earthquakes
* There is a common misconception that renters are covered under \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. They are not!
* Most important coverage for renters is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_ = Most widely used home insurance policy form, protects from all perils except those specifically indicated
* The two forms of claim settlement methods are:
* Actual Cash Value: The payment you receive is based on the replacement cost of an item minus deprecation.
  + **Payment = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - Depreciation**
* Replacement Value: Payment you receive is the \_\_\_\_\_\_\_\_\_\_\_\_\_ of repairing or replacing the item
  + - \_\_\_\_\_\_\_\_\_\_\_\_\_ not factored in
* Replacement Value coverage is typically \_\_\_\_\_\_more expensive than Actual Cash Value
* There are factors that can cause your premium to increase in price as well as those that can cause your premium to decrease in price. These factors include: