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

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

**How Homeowners Insurance Works Reading Activity**

**Directions:** *You will read the article* [*“How Homeowners Insurance Works”*](http://home.howstuffworks.com/real-estate/homeowners-insurance.htm) *individually and complete the reading activity below. The sentences appear throughout the text, some with slight variations, and require a missing word or phrase to become true statements. Fill in the blank with the word or phrase this will make these statements accurate. This activity has 15 points possible and is to be turned into the appropriate assignment basket at the end of class.*

**Why Buy Homeowners Insurance?**

Though having homeowners insurance isn't required by law, most mortgage lenders require you to have homeowners insurance in order to \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Even if you have a relatively new, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, homeowners insurance can help you in situations that may not be preventable.

**Homeowners Insurance Policies**

Most homeowners will purchase what is called a(n) **\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

Homeowners insurance does not cover problems that result from poor \_\_\_\_\_\_\_\_\_\_\_\_\_ or general \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Liability Limits**

The liability limit determines how much \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ you have should something happen to your home.

A quick estimate of your rebuilding cost can be done by multiplying your home's total square footage by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ per square foot

**What is Homeowners Insurance?**

Replacement cost coverage is usually \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ than actual cash value coverage, but under the right circumstances, it's definitely worth the extra coverage.

An **umbrella or excess liability policy** is a separate policy that pays money to the policyholder \_\_\_\_\_\_\_\_\_\_\_\_ the liability limit on your regular homeowners insurance has been reached.

**Buying Homeowners Insurance**

Before you begin to look for an insurance carrier, get acquainted with your house and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

In general, taking measures to make your home \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whether it's retrofitting the foundation or reinforcing the roof will keep your home safer and help in getting a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ insurance policy.

Above all, it's important to know \_\_\_\_\_\_\_\_\_\_ to use your insurance.

**Homeowners Insurance Challenges**

If a company refuses to insure you, it's probably because they consider your home in some way to be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of a risk.

The FAIR Plans program, created in the 1960s, allows people living in \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to become insured.