



Homeowners Insurance



Facilitator's Guide

Homeowners Insurance

Overview:

The biggest investment that most families and individuals will make during their lives happens when they buy a home and realize “the American dream.” A central part of the home-buying process is getting the right homeowners insurance. In fact, most lenders will not allow buyers to “close the deal” until the buyer proves that he or she has secured the right amount of homeowners insurance. However, during the complicated and costly process of buying a home, many people see insurance as just one more worry. This curriculum is designed to walk prospective and current homeowners through the steps to getting the best policy for their needs. A home is our greatest dream and greatest investment, and protecting this asset is one of the smartest financial decisions we can make.

This module focuses on getting the right insurance to protect new responsibilities, namely homeowners insurance.

Overall Goal:

To understand the function of Homeowners Insurance, what this type of insurance covers and how to shop for a policy.

The information contained in this curriculum is provided exclusively for instructional purposes. Insurance coverages, terms, and definitions are intended for informational purposes only and may vary in their applicability by state. The information provided by Nationwide Mutual Insurance Company does not in any way replace or otherwise alter the definitions and information contained in individual insurance policies. For information about actual Nationwide Insurance contract coverages, contact a licensed Nationwide Insurance representative.

Section activities at a glance:

Activities	Time	Objective
1: Do I Really Need Homeowners Insurance?	5 minutes	<ul style="list-style-type: none"> This serves as an introduction to the workshop. Pre-tests the participants' understanding of what Homeowners insurance covers.
2: What Does Homeowners Insurance Cover?	10 minutes	<ul style="list-style-type: none"> Describes what features are typically offered as part of a policy, and which are not. Reviews insurance terminology.
3: Frequently Asked Questions About Homeowners Insurance	15 minutes	<ul style="list-style-type: none"> Allows participants to demonstrate their knowledge of Homeowners insurance in order to reinforce learning.
4: Steps to Making the Most of Your Homeowners Insurance	10 minutes	<ul style="list-style-type: none"> Advises participants on how to go through the process of getting the best policy for them.
5: Practice Shopping for a Policy	20 minutes	<ul style="list-style-type: none"> After taking a posttest, students can practice shopping for quotes on line, to get a feeling for the expected cost. A guest speaker from the insurance field can provide additional insight.

Activity 1

Introduction: Homeowners Insurance — What You Need to Know

Time: 10 minutes

Purpose:

Understand why homeowners insurance is necessary. Assess level of participants' understanding of what homeowners insurance covers.

Materials Needed:

Transparencies and overhead projector, copies of handouts, extra pens/pencils.

Introduction:

Most of us spend months or years preparing to buy a home. We save money for the down payment, spend our weekends looking at properties, and carefully research interest rates and lenders. After going through what often seems like a long, complicated and expensive process, the last thing most people want to hear about is the insurance requirement. However, you should be just as interested in protecting your new property as the lender. Even if your new condo or co-op carries its own insurance, your personal property inside your unit is not covered.

A robbery, fire, flood, natural disaster, or even a burst pipe or fallen ceiling, can destroy everything you own. Most people simply cannot afford to rebuild their home and replace everything in it in the event of a disaster. One thing that can protect you is homeowners insurance. For an affordable monthly amount, you can protect your property and valuables. With the right policy, you will feel comfortable knowing that, in the event of a disaster, your property will be protected.

The following activities will show you what is, and — perhaps more importantly — what is not covered by a standard homeowners insurance policy.

Instructor's Notes:

Display Slides 1-5: *Review from Introduction to Insurance.*

Facilitate a discussion on the participants' perceptions of homeowners insurance and where they are in the process of home buying. Questions might include:

1. How many people own a home? How many are getting ready to buy?
2. How important is homeowners insurance? Who already has it or has had coverage in the past?
3. Does anyone have experience filing a claim?
4. Has anyone wished they had insurance when disaster struck?
5. What is the relationship between applying for a mortgage and insurance?
6. What is the relationship between credit and insurance?

Distribute Handout 1 (*Am I Ready to Apply for Homeowners Insurance?*).

Allow participants to complete the quiz with the information on their own homes. Explain that any missing information should be completed before getting in touch with an insurance provider.

Activity 2: What Does Homeowners Insurance Cover?

Time: 10 minutes

Purpose:

Describes what features are typically offered as part of a policy, and which are not. Reviews insurance options terminology.

Materials Needed:

Transparencies and overhead projector, copies of handouts, extra pens/pencils.

Introduction:

The most important information to take away from this lesson is that, no matter what type of home you own, insuring your personal property is your responsibility. If you live in a condominium, remember that the condo association or cooperative will not pay for damage caused inside your unit, even if it results from an incident outside your control, such as a pipe bursting or an electrical fire. If you live in a free-standing property, in addition to insuring your personal property inside, you must also protect your “dwelling,” or the physical structure of your home. The insurance should cover you if you need to rebuild your home from the ground up and replace everything inside.

Most mortgage lenders will not approve your for a loan unless you demonstrate that you have sufficient insurance. If a lender is this interested in protecting its investment, shouldn't you be?

Instructor's Notes:

This activity contains 3 sections: Basic Components of Homeowners' Insurance; To File or Not to File; and Choosing the Best Coverage for You.

I. Basic Components of Homeowners' Insurance:

Instructor's Notes:

Distribute Handout 2: *Terms You Need to Know (a review from Introduction to Insurance)*.

Display Slides 6 through 13: *The Basic Components of Homeowners Insurance*.

The perils that require a separate policy are listed in *Slide 13* and should be stressed. Ask participants to discuss if the area where you live is at risk for any of these perils. Flood insurance will be discussed in detail in the next section.

II. Filing a Claim

Homeowners insurance is comprehensive and covers most types of losses, except for those that are specifically excluded. Homeowners insurance is not a maintenance policy to cover normal wear and tear of a home. Maintaining the home is the responsibility of the owner. Homeowners insurance is meant to cover losses that you could otherwise not be able to pay for out of pocket.

When filing a claim, homeowners must consider the following:

- 1) Is the amount of damage larger than the deductible?

Instructor's Notes:

Ask participants to imagine that their current home is fully covered by insurance, with a \$500 deductible on personal property. Would they choose to report the following claims? Why or why not?

1. A baseball thrown by your child breaks a glass door. Replacing it will cost \$600.
2. During a power outage, all of the food in the refrigerator and freezer spoils.
3. While painting the living room, you spill an entire can of paint on the carpet.
4. You believe your pearl necklace was stolen, valued at \$750.
5. A pipe bursts and damages your bedroom ceiling. You don't know how much it will cost to repair it.
6. A hailstorm comes through the area damaging most of your roof.

Distribute Handout 3 — *Sample Insurance Claim to participants.* Ask them to take 5 minutes to complete a claim based on a past incident at their home or one of the situations listed above. Explain that claims can often be filed on the insurance provider website, and you can demonstrate this on the Nationwide website:

<https://nisure.nationwide.com/eClaims/Property/Secure/nola.asp>

III. Choosing the Best Option for You:

Instructor's Notes:

Distribute Handout 4: *Actual Cash Value vs. Replacement Value.* Ask participants to review the handout as you read the following paragraphs.

Display Slides 14 through 16.

There are several options on how to insure your home. Two riders that you can select are Actual Cash Value or Replacement Cost. While they may seem similar, they are very different. You can select Actual Cash Value or Replacement Cost on either the structure or the contents of the home. Replacement Cost does cost a little more than Actual Cash Value policies. However, the differences are significant. Remember that purpose of insurance is to help get you back to the state you were in before the claim happened, not to profit from the it or to lose value because of it.

The major difference between condominium insurance and homeowners insurance is protection of the dwelling, or physical structure of the home. In the case of condos, the building management, or condo association, maintains insurance coverage on the dwelling. Condo owners generally cover only their personal property inside the unit, but they should verify the arrangement with the condo office. Single-family homes and townhouses must cover the dwelling as a separate component in their policy.

Regular maintenance of your home is necessary to ensure that it maintains its value and that it looks nice. Maintenance includes some of the following: regular painting of siding, replacement of rotting or wet boards, replacing the roof if necessary due to worn or torn shingles, removing debris or trash from your yard, etc.

Instructor's Notes:

After reviewing these slides and the handout, ask participants to discuss:

1. What are the comparative advantages of each option?
2. Which type is best for you right now?
3. Can you give an example of why someone would select actual cash value? Why would s/he select replacement value?

Activity 3: Frequently Asked Questions About Flood Insurance

Time: 15 minutes

Purpose:

Allows the participants to demonstrate their knowledge of Flood Insurance, an integral part of homeowners insurance in order to reinforce learning.

Materials Needed:

Transparencies and overhead projector, copies of handouts, extra pens/pencils, 3x5 index cards.

Introduction:

Every year, floods cause more damage than any other natural disaster (over 2 billion dollars each year) and affect people living in all 50 states. Many people make a common mistake of believing their standard homeowners insurance protects them from damage caused by flooding. Others simply think it cannot happen to them. Here is your chance to demonstrate how much you really know about floods and flood insurance.

Instructor's Notes:

Distribute Handout 5: *Article on Flood Insurance from FEMA*. While students are reading the article, use 3x5 index cards to write each of the 9 statements from "Fact or Fiction?"

Distribute the cards to the students. Have each students read the question aloud and try to answer the question. Ask the other participants if they agree with the answer or have anything to add. Make a note of the degree of accuracy. Ask students to refer to the vocabulary and definitions as necessary.

Facilitate a short discussion about any of the participants' experiences with the questions asked, e.g. how did they know the answer? Consider awarding a small prize to the students who had the most right answers or who participated the most.

Fact or Fiction:**What Do You Know About Flood Insurance?****(True or False)**

1. If my area is labeled a "National Disaster," the government will cover all the damage. (F)
2. During a dry year, there's no chance of flooding. (F)
3. I'm more likely to suffer from a flood than get my car stolen. (T)
4. Hurricanes can cause flooding, but only in coastal areas. (F)
5. My standard homeowners insurance protects me from a flood. (F)
6. June is the beginning of the flood season. (T)
7. Flood insurance does not protect from wind damage. (T)
8. My insurance provider may impose a 30-day wait period for my policy to start. (T)
9. If I don't live near water, I probably don't need flood insurance. (F)
10. In high-risk areas, flood insurance can be very costly. (T)

Activity 4: Steps to Making the Most of Your Homeowners Insurance

Time: 10 minutes

Purpose:

Advice on how to go through the process of getting the best policy for you.

Materials Needed:

Transparencies and overhead projector, copies of handouts, extra pens/pencils.

Introduction:

After learning more about this important kind of insurance, hopefully you have decided to get your own policy. The **first step** to getting the right amount of coverage is to know exactly how much your property is worth. As we talked about earlier, this worth can be determined two ways: actual cash value and replacement value.

The best way to do start the process of choosing a policy is by taking a detailed inventory. Be sure to give one copy of the inventory to your homeowners' insurance agent. The other copy should be kept at a safe location *other than your home*. Consider keeping a copy at a friend or family member's house, at your office, or in a safety deposit box. In addition to a written inventory, we recommend that you take photographs and/or a video of your items to record them.

Instructor's Notes:

Distribute Handout 6: *Inventory List*.

Display Slides 17 and 18 — *Steps to Making the Most of Your Homeowners Insurance*.

If possible, the Blank Inventory Form (Handout 5) should be made available to students both in hard copy and electronically, as an Excel document.

This lesson presents an optional opportunity to teach the class how to use the Window's program Excel or the Corel program Quatro Pro (depending on you comfort level with either program). It is recommended that you plan to distribute CD roms or diskettes containing all of the overheads and handouts from the lesson at the end of class, including the inventory Excel file. Or, you can take students' emails and offer to send the document electronically. If possible, demonstrate filling out the Excel document in class, either in a computer lab or through an LCD projector and a laptop. Students should understand how to add rows and columns to accommodate their information, and how to add each group to come up with total values. You may also wish to demonstrate how the students can use the internet to search for the replacement value of their items (on EBay, for example). As you walk the class through each step, ask the participants to refer to **Handout 2: *Terms You Need to Know***.

Following your inventory, you should have an estimate of the total value of your items either for actual cash value or replacement value. The **second step** is to research insurance firms operating in your area and compare quotes for the amount of coverage you require. You can get quotes on the Internet, or through calling or writing insurance providers.

The **third step** is to decide which type of insurance you will purchase (actual cash value or replacement value) and to determine if you will need additional floaters. Floaters will cover expensive or specialty items beyond the standard coverage, such as collections, jewelry, antiques or art. Ask the companies you have selected about the cost of the coverage you require.

A **fourth step** is to ask your provider if your area is at risk for disasters / acts of God that are not covered by the standard policy. You may need to request an additional policy or floater to cover the risk of a flood, earthquake, hurricane, tornado or act of terrorism.

The **fifth step** is to assess if you qualify for any discounts. You may receive a discount for selecting your auto or life insurance provider for your Homeowners insurance. Special safety features in your home — sprinklers, alarm/security systems, proximity to a fire hydrant or fire house, etc. — may qualify you for a smaller premium.

Finally, as a **sixth step**, select your provider and apply for a policy. If you are approved, review your new policy carefully to make sure that the coverage is correct and that you understand all of the provisions.

Congratulations! You have taken an important step to protect your property.

Activity 5: Take Post Test and Practice Shopping for a Policy

Time: 20 minutes

Purpose:

Assess participants' level of knowledge following workshop. After taking quiz, participants will practice shopping for quotes on line, to get a feeling for their personal situation. If you have been able to recruit a guest speaker from the insurance field, s/he can provide additional insight, answer questions, and talk in detail about the participants' options.

Materials Needed:

Copies of post-test. A laptop with an internet connection and projection capability, or a computer lab with enough internet connections to facilitate individual or small team activities.

Introduction:

After taking a post test, we will practice Step 2 (Compare Quotes). Here is a website where you can get a quote on homeowners insurance by filling out an online questionnaire.

<http://www.nationwide.com>

Instructor's Notes:

The following steps will allow you to give an on-line insurance quote demo to participants.

1) Connect the laptop to the Internet with the screen on display via an LCD projector. Alternatively, you can conduct the class in a computer lab and participants can practice shopping for insurance individually or in groups. Connect to the Nationwide Insurance website at <http://nwinsurance.nationwide.com/nwinsurance/>. If the Nationwide site does not provide quotes in your region, please see one of the following sites:

<http://www.insuremarket.com>

<http://www.insure.com>

<http://www.insweb.com>

2) Ask the participants to refer to Handout 1: Do You Know Your Home. On the left side, enter the state and type of quote ("property") you are looking for. The select "Start a Quick Quote."

3) On the following screen, select "own a home" or "own a condo."

4) Ask if any of the students would like to volunteer information. If not, use your own. Enter the zip code and county where the homeowner lives, followed by the driver's name and birth date. You may wish to use your own email address.

5) Enter the property information. You may wish to ask students to imagine their actual home or where they plan to live sometime soon. Remind students that they will have to know all of the information requested in advance.

6) As you respond to each question, ask participants why the answer is important to the insurance company.

7) When you arrive at the limits page, explain the inverse relationship between deductibles and premium: a higher deductible (or more money to pay out-of-pocket in case of an incident) means a lower premium, and a lower deductible means a higher premium. Participants should be able to give an opinion as to whether they would prefer to pay a little less each month in return for high costs at the time of an incident, or pay a little more each month to avoid this. Where does risk come into play for the policyholder?

Explain the concept of "limits" or the maximum that the insurance company would pay in the case of an incident. For personal liability, for instance, what might happen if the limit was \$100,000, but you lose a lawsuit for \$250,000? Who would pay for the difference? Adjust the various options and recalculate the premium so that participants can see the relationship.

8) Determine the monthly cost of a homeowners insurance policy. Ask the participants to give their opinion on whether this cost is worthwhile. If any still seem doubtful, ask them to think back to the game and what they learned about what happens in a world without insurance.

If you are unable to complete this activity in class, consider writing the addresses down on a flip chart for participants to copy and bring home with them.

Instructor's Notes:

Distribute Handout 7: *Post-Test* and allow 5 minutes to complete it. Review the correct answers in class.

Answers: 1) Any example from Overhead 10; 2) In your home; 3) \$1000; 4) Replacement Value and Actual Cash Value; 5) Actual Cash Value; 6) Security system in home, smoke detectors, dead bolt locks, current auto policyholder with the same company, non-smoker; 7) internet, friend, relative, yellow pages; 8) Protects the lenders' investment.

CLOSING

Conclude by asking if there are additional questions. If you cannot answer the questions, you can offer to ask an insurance professional and contact the participants via email or give the answers in an upcoming session. Thank the participants for their time and congratulate them for taking an important step toward a secure financial future.



Homeowners Insurance



Participant Handouts

Homeowners Insurance

Handout 1

Do You Really Know Your Home?

The following information will be needed by the insurance agent in order to determine your amount of coverage and cost. See how many of questions you can answer.

1. The type of property I am insuring is a (single-family home/townhouse condominium/high rise/garden-style/cooperative/etc.):

2. The address of my property and county: _____

3. Type of roof: (tile, shingle, asphalt, etc.) _____

4. Construction type (brick, brick veneer, frame) _____

5. Distance from and name of closest fire department _____

6. Distance from closest fire hydrant _____

7. Is property located in a flood zone? _____

8. At risk for hurricanes? _____

9. At risk for earthquake? _____

10. Number of rooms: _____

11. Number of floors: _____

12. Any detached structure: (garage, pool, shed, etc.)

13. Does it have internal sprinklers? _____

14. What type of security system? _____

15. Does it have smoke detectors? _____

16. Does it have a fire extinguisher? _____

17. In what year was the home or building constructed? _____

18. What is the value of the property? _____

19. How much deductible are you willing to pay? _____

(\$0, \$100, \$200, \$500, \$1000, etc.)

20. Will you select replacement value or actual cash value coverage for the structure _____? For the contents? _____

Homeowners Insurance

Handout 2

Insurance Terms You Need to Know

Actual cash value	A type of insurance that reimburses you for the value of your property today, minus wear and tear, age and depreciation
Claim	A report of a loss sent to the insurance company
Coverage	Protection provided by an insurance policy
Deductible	The amount the policyholder agrees to pay out-of-pocket in case of a loss. The insurance company pays the remaining amount, up to the limit
Depreciation	The decrease in the value of property due to condition, wear and tear and age
Endorsement	A written amendment attached to an insurance policy to change, restrict or broaden coverage
Exclusion	A provision in an insurance policy that eliminates coverage for certain risks, people, property classes, or locations
Insurance	A system to make large financial losses more affordable by pooling the risks of many individuals and business entities and transferring them to an insurance company or other large group in return for a premium.
Insurance company	The company who provides the insurance coverage and services on a specific policy
Liability	Homeowners' Liability insurance pays for damages to property owned by third parties or injuries to third parties that you may cause unintentionally or through negligence.
Limit	The maximum amount that an insurance company will pay for a covered loss

Loss	Damage or destruction to something of financial value
Peril	Causes of loss under an insurance policy, such as fire, windstorm, explosion, vandalism, etc.
Policy	A legal contract that sets forth the rights and obligations of both the policyholder and the insurance company
Policyholder	The person who owns the policy
Premium	The monthly or annual cost of insurance
Quote	Estimate from the insurance company of the premium you will pay for an insurance policy. This is used to shop for a policy and compare providers
Replacement cost	The amount it would cost to replace damaged property at today's prices, without a deduction for depreciation
Risk	The chance of financial loss
Underwriter	Insurance professional who evaluates requests for insurance, determines who will be awarded coverage, and at what cost. This person is an expert in assessing risk

Homeowners Insurance

Handout 3

Homeowners Sample Claim Form
(See attached)

SAMPLE Homeowner Claim Form



CSR name _____ CSR Ext _____
 Called In By: _____ Caller's Phone # _____

Policy Information

PH's Name: _____ Policy Number _____
First Name Middle Initial Last Name Region State Prefix Six Digit Policy Number

PH Billing Address _____ PH Home Phone _____

_____ PH Business Phone _____

PH City _____ State _____ ZIP _____ Alternate Phone: _____
Cell Pager Other

PH County _____

Contact Person's Name if Different from above: first _____ mi _____ last _____

Contact Home Phone _____

Contact Bus. Phone _____

Contact Alternate Phone: _____ Cell Pager Other

Is this a JUA Policy ? Yes No Policy Number _____

Is this a FLOOD Policy ? Yes No Policy Number _____

Loss Information

Date of Loss ____/____/____ Time of Loss _____ AM PM

Loss address is different from above:

City _____ State _____ ZIP _____ County _____

Loss Description: _____

Severity Questions

- Is there damage to the exterior of the home ? Yes No
- Is there damage to the interior of the home ? Yes No
- Are the roof, ceiling, or walls of the home open to the elements? Yes No
- Is the house NON-LIVABLE due to damage **other than** loss of electricity? Yes No
- Are there any special circumstances; such as disabled or special needs occupants that require priority? Yes No

Claimant Section for Homeowner Liability Only (LC 115)

Claimant's Name: first _____ mi _____ last _____

Claimant's Address _____ Home Phone _____

_____ Business Phone _____

CLT City _____ State _____ ZIP _____ Alternate Phone: _____
Cell Pager Other

CLT County _____

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Homeowners Insurance

Handout 4

Actual Cash Value v. Replacement Value

Definitions:

Actual Cash Value¹

The value of the property lost or damaged at the time of the loss. This method of valuation takes into consideration depreciation based on such factors as:

Age of the item

Market value and,

The condition of the property at the time of loss or damage.

Replacement Cost²

The cost of replacing damaged or destroyed property without deduction for depreciation in the value of the property.

Example for Actual Cash Value:

Mike Martinez has his 20-year-old house insured for \$100,000. Mike does what he can to maintain his house adequately. However, the house still has the same original roof when it was first built and has never been replaced or serviced. The shingles on the roof are curling and show their age, wear and tear due to heavy rains and hail storms over the years. Overall the house looks in "fair" condition. If Mike selected Actual Cash Value to insure his home, and had a fire claim, Mike would not automatically receive the \$100,000 from his insurance company. It might be handled the following way:

Insurance Policy Amount	\$100,000 — applies to only the structure
Value of home at the time of loss	\$60,000
Depreciation for 20 years	(\$20,000)
Value of home minus depreciation	\$40,000

¹Source: www.Nationwideinsurance.com. Glossary of insurance terminology

² Ibid

Although he had an insurance policy for \$100,000 at the time of the claim, the value of the home was estimated to be \$60,000. So, his home was over insured. Also, due to the age, wear and tear, and the condition of the home at the time of the loss, the value of the home dropped by \$20,000 leaving the ACTUAL CASH VALUE of the home to be \$40,000. This amount is the maximum amount that the insurance company would pay for structural related damages. Keep in mind that Mike will also have to pay a deductible as well.

Example for Replacement Value:

Using the same example provided above about Mike Martinez's home, under the REPLACEMENT COST option, there would be NO DEPRECIATION for the home. However, the claim would still be settled using the value of the home at the time of the loss (\$60,000) and not the \$100,000. Again, Mike would have to pay a deductible.

Homeowners Insurance

Handout 5

Homeowners Insurance Article (Courtesy FEMA)³

Flood Insurance: National Flood Insurance Program

Flood: Are You Protected from the Next Disaster?

Devastating floods occur throughout the U.S. every year. Changing weather patterns, coupled with over-development and leveling of forests that reduce the land's natural ability to absorb water, are increasing the flood risk for many...even those who don't live near water.

Flooding causes more than \$2 billion in property damage each year, and losses due to flooding are not covered under most homeowners or business policies. However, flood insurance is available to protect homes and businesses and their contents in communities that participate in the National Flood Insurance Program (NFIP).

Flooding is a National Problem

Until the late 1960s, most property owners were unable to get insurance coverage against flood damage. Private insurance firms, aware of the potential for catastrophic losses, were unwilling to assume the financial risk alone. This put the burden on taxpayers to provide costly disaster relief to a growing number of flood victims. In 1968, Congress addressed this issue by creating the NFIP. This Federal program provides flood insurance at a reasonable cost in exchange for the careful management of flood-prone areas by local communities.

Today, the NFIP insures more than 4 million policyholders in more than 19,000 communities across the U.S. It is administered by the Federal Emergency Management Agency (FEMA).

Facts You Should Know

1. There is a 26% chance of experiencing a flood during the life of a 30-year mortgage compared to a 4% chance of fire.

2. Find out if you are located in a floodplain, which is considered a Special Flood Hazard Area. If you are, you are still eligible for flood insurance. In fact, in some cases, you may be required by law to have flood insurance. Your city or county government (start with the Building or Planning Department) has Flood Insurance Rate Maps, published by FEMA, which are available for public inspection. If your building is located in a flood zone that begins with the letter A or V, you are in a Special Flood Hazard Area.

³ from the FEMA website: <http://www.fema.gov/nfip/flood.shtm>

3. The average premium is a little more than \$300 per year for an average of \$100,000 in coverage.

4. In low -to moderate -risk areas, coverage can be purchased for just over \$100 a year.

5. Buy as much flood coverage as you can. Primary residences insured for 80% of their value, or the maximum amounts available, get replacement cost coverage. It pays the amount needed to repair or replace most of the building elements up to the policy limits, without deduction for depreciation, once repairs are made.

6. There is a 30-day waiting period from the time a policy is purchased until you are covered, with the following exceptions:

There is no waiting period if you have an existing flood insurance policy and an additional amount of flood insurance is required with the making, increasing, extending or renewing of a loan, such as a second mortgage, home equity loan, or refinancing. Coverage is effective immediately, as long as the premium is presented at or prior to loan closing.

There is no waiting period when flood insurance is required as a result of a lender determining that a loan which does not have flood insurance should be protected by flood insurance. Coverage is effective immediately, as long as the premium is presented at the completion of a loan application.

There is a one-day waiting period when an additional amount of insurance is required as a result of a map revision. This applies when the map revision is from a non-Special Flood Hazard Area to a Special Flood Hazard Area and only if the endorsement is received within 13-months following the map revision. The increased amount of coverage will be available 24-hours after the amount of coverage is applied for and the additional premium is made.

7. Flood insurance is required by law in some instances. To get Federally secured financing to buy, refinance, build, repair, reconstruct or improve structures in Special Flood Hazard Areas you may be required to purchase flood insurance. This includes most types of mortgage loans, as well as FHA and VA loans.

8. A flood insurance policy also reimburses you for actions you take to prevent flood damage. For example, costs for moving insured contents, in imminent danger of flooding, to a safe location are reimbursed up to \$500 with no deductible. Other costs, such as for sandbags, plastic sheeting and lumber, pumps, fill for temporary levees, and wood to save the building can be reimbursed up to a limit of \$750 with no deductible.

For more information about the NFIP and flood insurance, contact your insurance company or agent, or call the NFIP at **1-888-FLOOD29, TDD# 1-800-427-5593**.

Auto Insurance

Handout 6

Inventory List for Homeowners Insurance
(See following pages)

Living Room

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Couch					
Loveseat					
Day Bed					
Stereo					
Stereo Components					
Speakers					
Computer					
Printer					
Compuer desk					
"Bookcase, Small"					
"Bookcase, Large"					
"Table, Coffee"					
"Table, End"					
"Table, Drop Leaf / Occasional"					
Footstool					
"Cabinet, Curio"					
Hall Tree					
Entertainment Center					
"TV <19"					
"TV >19"					
"TV, Big Screen"					
VCR					
DVD					
"PlayStation, etc."					
"Chair, Straight"					
"Chair, Arm"					
"Chair, Rocker"					
"Chair, Overstuffed"					
"Chair, Occasional"					
"Lamp, Table"					
"Lamp, Floor"					
Magazine Rack					
"Wicker Item, Small."					
"Wicker Item, Large"					
Music Cabinet					
"Chest, Large"					
"Chest, Small"					
"Rug, Small"					
"Rug, Large"					
"Art Glass, Small"					
"Art Glass, Large"					
"Clock, Grandfather"					
"Desk, Small"					
"Desk, Large"					
Books					
CDs					
Videos/DVDs					
Video Games					
Plants					
Other					
Other					
Other					
Other					
Other					
TOTAL					

Dining Room

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
"Bench, Harvest"					
"Buffet, Base"					
"Cabinet, China Hutch, Top"					
"Cabinet, China/One Piece"					
"Cabinet, Curio"					
"Cabinet, Corner"					
Dining Table					
Dining Chair					
"Art / Glass, Small"					
"Art / Glass, Large"					
Tea Cart					
"Rug, Small"					
"Rug, Large"					
"Wicker Item, Small"					
"Wicker Item, Large"					
Server					
Lamp					
Chandelier					
China/Dishes					
Silver					
Crystal					
Glassware					
Linen					
Table Decorations					
Decorative Item					
Decorative Item					
Other					
Other					
Other					
Other					
TOTAL					

Bedroom

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Mattress/Boxspring					
Bed Frame					
Headboard/Baseboard					
"Chest, small"					
"Chest, Cedar"					
"Chest, Large"					
Footlocker					
"Table, Coffee"					
"Table, End"					
Stereo					
Stereo Components					
Speakers					
Computer					
Printer					
Computer desk					
"TV < 19"""					
"TV > 19"""					
"TV, Big Screen"					
VCR					
DVD Player					
"Playstation, etc."					
TV Table					
"Wicker Item, Small"					
"Wicker Item, Large"					
"Desk, Small"					
"Desk, Large"					
"Dresser, Vanity"					
"Dresser, Single"					
Night Stand					
"Bookcase, Large"					
"Chair, Small"					
"Chair, Large"					
"Chair, Rocker"					
"Wardrobe / Armoire, Small"					
"Rug, Small"					
"Rug, Large"					
"Art/Glass, Small"					
"Art/Glass, Large"					
DVDs					
CDs					
Games					
Other					
Other					
Other					
TOTAL					

Kitchen

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Refrigerator					
Stove					
Dishwasher					
Microwave					
Baker's Rack					
Table					
Chair					
Highchair					
Ironing Board					
Iron					
Small Appliances					
Dishes					
Flatware					
Kitchen Cabinet					
Serving Cart					
"TV < 19""					
"TV > 19""					
Radio/Stereo					
Other					
Other					
Other					
Other					
TOTAL					

Office/Den

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
"Bookcase, Small"					
"Bookcase, Large"					
"Chair, Small"					
"Chair, Large"					
Computer					
"Computer, Printer"					
"Copier, Table-Top"					
"Copier, Floor"					
Fax machine					
Credenza					
Desk					
Computer table					
File cabinet					
Table					
"Art / Glass, Small"					
"Art / Glass, Large"					
"Wicker Item, Small"					
"Wicker Item, Large"					
Stool					
Other					
Other					
Other					
Other					
TOTAL					

Nursery

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Bassinet					
"Bed, Youth"					
"Crib, Baby"					
"Chair, Child's"					
"Chair, High"					
"Chair, Rocker"					
Chest					
"Chest, Toy"					
Dresser					
Playpen					
"Table, Child's"					
Table					
"Wicker Item, Small"					
"Wicker Item, Large"					
"Art/Glass, Small"					
"Art/Glass, Large"					
"Rug, Large"					
"Rug, Small"					
Books					
Toys					
"Toys, Electronic"					
Games					
"Games, electronic"					
"Games, computer"					
Videos/DVDs					
Decorative Items					
"TV > 19\""					
"TV < 19\""					
DVD/DCR					
Computer					
Radio/Stereo					
Other					
Other					
Other					
Other					
TOTAL					

Family Room/Basement

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Couch					
Loveseat					
Day Bed					
Stereo					
Stereo Components					
Speakers					
Computer					
Printer					
Compuer desk					
"Bookcase, Small"					
"Bookcase, Large"					
"Table, Coffee"					
"Table, End"					
"Table, Drop Leaf / Occasional"					
Footstool					
"Cabinet, Curio"					
Hall Tree					
Entertainment Center					
"TV <19"""					
"TV >19"""					
"TV, Big Screen"					
VCR					
DVD					
"PlayStation, etc."					
"Chair, Straight"					
"Chair, Arm"					
"Chair, Rocker"					
"Chair, Overstuffed"					
"Chair, Occasional"					
"Lamp, Table"					
"Lamp, Floor"					
Magazine Rack					
"Wicker Item, Small."					
"Wicker Item, Large"					
Music Cabinet					
"Chest, Large"					
"Chest, Small"					
"Rug, Small"					
"Rug, Large"					
"Art Glass, Small"					
"Art Glass, Large"					
"Clock, Grandfather"					
"Desk, Small"					
"Desk, Large"					
Books					
CDs					
Videos/DVDs					
Video Games					
Plants					
Other					
Other					
Other					
Other					
TOTAL					

Misc. Inside Items

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Barbells					
"Basket, Clothes"					
Tennis racket					
Bowling Ball/Bag					
Sports Equipment					
Card Table					
Chair					
Clothes Hamper					
"Cot, Folding"					
Fan					
Plant Stand					
Foot Locker					
Game Table					
"Heater, Gas/Electric"					
"Sewing Machine, Portable"					
"Sewing Machine, Console"					
"Sewing Machine, Cabinet"					
Suitcase					
Wastepaper Baskets					
Ping Pong Table					
Pool Table					
"Table, Utility"					
Tablesaw					
Musical Instrument					
Other					
Other					
Other					
TOTAL					

Misc. Outside Items

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
BBQ Grill					
"Chair, Plastic"					
"Chair, Aluminum"					
"Chair, Wood"					
Auto tools/parts					
Garden Hose/Tools					
Hobby tools/parts					
Glider/Settee					
Ladder					
Lawnmower					
Leaf Sweeper					
Snow blower					
Bicycle/ Tricycle					
Sand Box					
Sled					
Outside Child Slide					
"Outside Child, Gym"					
"Outside Child, Swings"					
"Wagon, Child's"					
Outdoor Drying Racks					
Picnic Table					
Picnic Bench					
"Roller, Lawn"					
Spreader					
Ornamental Statue					
Tackle Box					
Tire					
Trash Can					
Workbench					
Other					
Other					
Other					
Other					
TOTALS					

Bulky Articles/Appliances

Item	How Many?	Purchase Date(s)	Serial # (if applies)	Cash Value	Replacement Value
Appliances					
Air Conditioner					
Washing Machine					
Dryer					
Dehumidifier					
Freezer					
Piano/Organ					

Auto Insurance

Handout 7

Post Test

1. Name two options under Homeowners insurance coverage that you might choose to upgrade based on your personal situation?
2. Where is the worst place to keep your personal inventory list?
3. What is the most common \$ limit on homeowners insurance for jewelry that is stolen?
4. List the two major options for homeowners insurance.
5. What type of coverage takes into account the age and condition of your personal possessions?
6. Give an example of a reason insurance companies may offer discounts on homeowners insurance.
7. Where can you find an insurance agent?
8. Why do you have to demonstrate that you have homeowners insurance when being approved for a mortgage?