

Homeowners Insurance: The Basics



Provided by the Insurance Education Institute

Procedure/Lecture Outline

Homeowners Insurance: Coverage and Claims

Overview

Homeowners Insurance: Coverage and Claims is the final lesson plan for the homeowner's insurance unit. Students will recognize important factors when purchasing homeowners insurance. The lesson will take them through the application process as steps to follow when filing a claim.

Objectives

Students will:

Understand the basics of a homeowner insurance application

Recognize what factors are included in determining rates

Determine steps to take when filing a homeowner insurance claim

Time Required:

60 minutes

Materials

Power Point Presentation

Homeowners Insurance Question and Answer worksheet

Renter's Insurance Worksheet

Why is Homeowners Insurance Important Worksheet

Procedures

- 1) Ask the class to list as many different perils that might occur in an apartment or house
 - 1.) fire or lightening
 - 2.) windstorm or hail
 - 3.) explosion
 - 4.) riot or civil commotion
 - 5.) aircraft
 - 6.) vehicles
 - 7.) smoke
 - 8.) vandalism or malicious mischief
 - 9.) theft
 - 10.) damage by glass or safety-glazing material that is part of a building
 - 11.) volcanic eruption
 - 12.) falling objects

Homeowners Insurance: The Basics



Provided by the Insurance Education Institute

- 13.) weight of ice, snow or sleet
- 14.) water-related damage from home utilities
- 15.) and electrical surge damage
- 16.) earthquakes
- 17.) floods
- 2) Guide students through the Power Point presentation (link)
 - a. When purchasing a home you have to do your homework to know how much insurance you need
 - b. What factors do you have to consider when purchasing homeowners insurance?
 - c. The Application Process
 - i. When you apply for insurance an agent will ask you basic questions about your home and your lifestyle
 - ii. Type of construction
 - 1. Brick homes cost less to insure, why?
 - iii. Age of the structure
 - 1. Newer homes cost less to insure, why?
 - iv. Local Fire Protection
 - 1. The distance to the nearest fire station makes a big difference in premiums
 - v. Amount of coverage
 - 1. The more coverage you buy the higher the premium
 - vi. Claims frequency
 - 1. If you have a history of filing claims your premium will be higher
 - vii. Size and makeup of the household
 - 1. The larger the number of people in the household, the higher the likelihood a claim will be filed
 - viii. Neighborhood
 - 1. Insurers charge higher premiums in neighborhoods where more claims are filed
 - ix. Smoke alarms and fire extinguishers
 - 1. These items reduce the likelihood of a bad fire
 - d. Ways to reduce your premium
 - i. Raise your deductible
 - ii. Buying homeowners and automobile insurance from the same company
 - iii. Fire resistant structures, sprinkler systems, or smoke detectors
 - iv. Tiedowns for mobile homes
 - v. 55 years of age, or older and retired
 - vi. Original owner
 - vii. New home
 - viii. Non-smoker
 - ix. Security system
 - x. Home security systems
 - xi. Security systems reduce losses from theft
 - e. Steps to follow when filing a claim
 - i. Make emergency repairs
 - 1. You should never make permanent repairs until the insurance claims adjuster has seen the damage
 - ii. When to call the police
 - 1. If the loss was from a theft or other crime the insurance company will need a police report
 - iii. Call the Insurance Company
 - 1. You have to report the loss to the company
 - iv. List the damage and review your policy
 - 1. Is the damage larger than the deductible
 - v. Be there during the inspection
 - 1. The insurance claims adjuster will probably have questions that you will need to answer
 - vi. Get more than one bid for repairs
 - 1. Usually the company requires at least two estimates

Homeowners Insurance: The Basics



Provided by the Insurance Education Institute

- vii. Keep records of all contacts with Insurer
 - 1. If a question arises later you will be able to clarify it
 - viii. Don't agree to a settlement until you are satisfied
 - ix. Save all receipts
 - 1. The insurer will reimburse for expenses based upon your receipts
- 3) Guide students through the question and answer worksheet