

Procedure/Lecture Outline

- 1) Introduce the lesson with a video clip from Risk Responsibility Reality
 - a. <http://www.theiei.org/edu/materials/rrr/i%20love%20you.wmv>
 - b. Guide students through the Power Point presentation (link)
 - c. What is homeowners insurance?
 - i. A binding, legal contract between the insured and the insurer to protect the insured, their home, and belongings if they are damaged or destroyed
 - ii. A home can be a condominium, apartment, house, or mobile home
 - iii. Protection is provided against losses caused by fire, water damage, storm, theft, and other perils
 - iv. Perils are any cause of loss
 - v. Homeowners policies also protect anyone named in the policy including:
 1. spouse
 2. children
 3. other residents
 4. guests
 - vi. Also covers detached structures such as:
 1. garages
 2. sheds
 3. pools
 - vii. Items that are excluded or limited on a Homeowners Policy
 1. Items that tend to result in liability claims such as boats and ATV's
 2. One-of-a kind items such as jewelry, art and collections
 3. The insurer can opt to purchase an endorsement that covers unique items or special circumstances
 4. Certain natural disasters in areas prone to them are also excluded from standard coverage
 - viii. A survey conducted by the Independent Insurance Agents and Brokers of America found that nearly two-thirds of renters do not have renters insurance
 - ix. An average two bedroom apartment can easily contain personal property that would cost more than \$20,000 to replace
 - x. Renters Insurance is relatively inexpensive to own
 - xi. Your landlord or association may have insurance, but it only protects their building
 - xii. Your belongings are not covered under their policy
 - xiii. There are several types of coverages that are important to understand
 - xiv. Renters Insurance
 1. Renters insurance protects individuals who live in a house, mobile home, condominium, or apartment that is owned by another person
 2. Protects against:
 - a. Theft
 - b. Loss of personal property
 - c. Loss of use
 3. Similar to homeowners insurance except that it does not cover the dwelling

Procedure/Lecture Outline (Page 2)

- 4. Renters Insurance Covers:
 - a. Personal possessions such as furniture, CDs, electronics and clothing
 - b. Loss of use
 - c. Medical payments
- 5. Renters Insurance does not cover:
 - a. Structural damage caused by carelessness such as damage by animals
- xv. Types of Coverage
 - 1. Liability Insurance
 - a. Liability insurance protects you when you are at fault or being sued
 - b. Provides coverage for bodily injury
 - i. If someone gets hurt in your home your policy will cover any medical expenses incurred from the injury
 - c. Property damage liability covers any damage done to the building and belongings of others in the building
 - d. Most policies cover the behavior of household pets
 - e. Renter is liable for events they cause or which occur within their home
 - f. Some events which are caused by a landlord's negligence may be covered by their insurance instead of renters
 - 2. Loss of Use Insurance
 - a. Protects you when your home is not livable
 - i. Example: if your home is unsafe after a fire, being repaired, etc...
 - b. Most often pays for temporary housing
 - c. May pay for additional costs resulting from the home being "unusable"
 - 3. Property Insurance
 - a. Actual Cash Value (ACV) vs. Replacement Cost
 - i. ACV coverage only pays for what the property was worth at the time of loss, minus your deductible
 - ii. Replacement cost coverage will pay what it actually costs to replace the items you lost, minus your deductible
 - iii. You should talk to your agent if you have items that are valuable or irreplaceable
- xvi. Package Policy
 - 1. Contains two or more types of coverage
 - 2. Most homeowners policies are packages which include property, liability, and loss of use
- xvii. Take Inventory
 - 1. To ensure that you are compensated for any belongings you lose in a loss you should inventory all of your personal belongings
 - a. Photograph or videotape each room
 - b. Keep receipts for major items
 - c. Keep documentation in a place other than your home

Procedure/Lecture Outline (Page 3)

- xviii. How to reduce risk
 - 1. You can protect yourself against a loss by following basic guidelines
 - a. Develop good security habits
 - b. Lock your doors
 - c. Install deadbolts
 - d. Don't let your house look vacant
 - 2. You can protect yourself against a loss by following basic guidelines
 - a. Reduce Water Damage
 - i. Check the pipes in your house
 - ii. When you go away have someone watch over your house
 - iii. Turn off the taps to your washer
 - b. Reduce Fire Risks
 - i. Install and maintain fire alarms
 - ii. Have an electrician examine your electrical systems
 - iii. Unplug heat producing appliances
 - iv. Don't leave things on the stove unattended
 - v. Have your furnace inspected regularly