

Health

Life

Auto

Home

Homeowner's Insurance 101

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Understanding your Insurance Score

- ▶ Why does your credit history matter when you buy Auto and Homeowners Insurance?
 - If you've ever applied for a car loan, a home mortgage or a credit card, you know that the way you have managed your credit in the past is very important. But the information contained in your credit report can also influence many aspects of your life, including your auto and homeowners insurance.



What Is a Credit-based Insurance Score?

- ▶ A credit-based insurance score uses information from a credit report to predict if someone is likely to file insurance claims and how expensive those claims will be. Research shows a connection between how well people manage their credit and how responsible they are in:

- *Managing their financial affairs

- *Driving automobiles

- *Maintaining their homes and automobiles



What Is a Credit-based Insurance Score?

- ▶ The concept of “scoring” has been used since the 1970s by many industries, most notably banks and other lenders. Today, more than 90% of auto and home insurers use credit history in their underwriting to price insurance policies
- How Does A Credit-Based Insurance Score Differ from a Credit Score Used by Banks? A credit score predicts how likely a person is to repay money that’s borrowed from a lender, while a credit-based insurance score helps an insurer determine the likelihood of someone having an insurance loss.



Types of Home Policies

- ▶ **Coverage A Plus**—Pays the full cost of coverage losses to repair or replace the real property damaged using materials of like kind and quality. For the dwelling, the payment is not limited to the amount of insurance purchased, but extends beyond the Coverage A limit up to the amount actually and necessarily spent. This is the best available to homeowners.



Types of Home Policies

- ▶ **Extended Limits**– Pays the full cost of coverage losses to repair or replace the real property damaged using materials of like kind and quality. For the dwelling, the payment extends beyond the Coverage A limit, but no more than 125% up to the amount of insurance purchased for Coverage A.



Types of Home Policies

- ▶ **Replacement Cost** -- This term describes the amount needed to repair or replace damaged property with materials of similar kind and quality without deducting for depreciation.



Types of Home Policies

- ▶ **Actual Cash Value (ACV)** -- This term describes the amount needed to repair or replace damaged portions of your home after depreciation. For example, your insurance company will deduct for the age and condition of a 12-year-old roof with a 15-year life expectancy.



Perils



- ▶ The action, event or condition that causes a loss. Examples of perils include fire, wind and theft. A home insurance policy will specify which perils are covered


“Perils Covered”, Options

- **Named-Perils Policy** -- Also known as a "Basic" or "Broad" form policy, this type of policy covers losses resulting from any peril that is specifically named as a covered peril in the policy.

“Perils Covered”, Options

- ▶ **Special-Form Policy** -- A policy that covers losses resulting from any peril that is not specifically excluded from coverage.

Exclusions

- ▶ **Exclusion** -- A person, event, situation or condition specified in the home insurance policy to which coverage under the policy does not apply. A common example of an exclusion found in a standard home insurance policy is flood damage.
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Depreciation

- ▶ **Depreciation** -- This term describes the decrease in value of your home or personal property due to normal wear and tear from the time your home was built or the personal property was purchased.



Endorsements



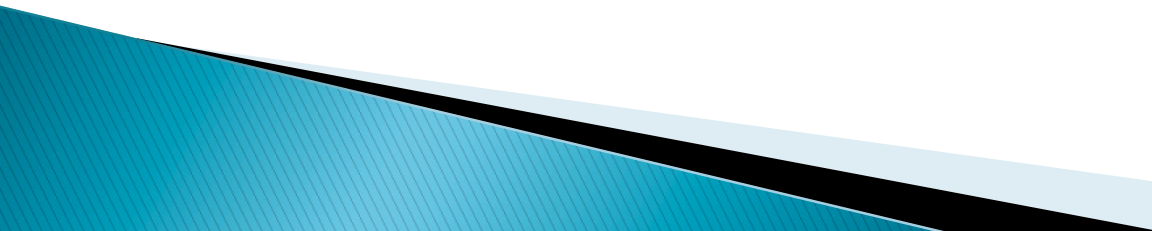
- ▶ **Endorsement** -- Also known as a "rider," this term describes a change added to the home insurance policy that modifies its original terms.

Coverages



- ▶ ***Property***-- Property coverage in a homeowners policy is generally broken down into “**Building**” *(Dwelling)* and “**Contents**” *(Personal Property)*

Coverages

- ▶ ***Building*** coverage is designed to cover the expense of repairing or replacing your home if damaged or destroyed by fire or other insured occurrences.
 - ▶ ***Contents*** coverage simply refers to your possessions or personal belongings.
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Coverages

- ▶ **Other Structures** coverage is part of a standard homeowners insurance policy that protects covered homeowners against financial loss in the event that a structure on their property, aside from their home, is damaged in a covered claim

Coverages

- ▶ **Loss of use** coverage is provided under a standard homeowners insurance policy to help reimburse the insured for living expenses in the event their home becomes uninhabitable due to a covered claim.

Coverages

- ▶ **Liability coverage** is a type of insurance coverage provided under a standard home insurance policy that protects the insured against financial loss in the event of a covered lawsuit.

Medical Payment to Others

- ▶ **Medical Payments to Others** is included in a standard home insurance policy to protect the insured in the event that a non-resident is injured on their property and does not want to file a lawsuit. Medical payments coverage helps provide payment for medical expenses.



Quote and Dec Page Anatomy

Coverage Limits Example

Coverage A	– <i>Dwelling</i>	\$250,000
Coverage B	– <i>Separate Structures</i>	\$25,000
Coverage C	– <i>Personal Property</i>	\$187,500
Coverage D	– <i>Loss of Use</i>	\$62,500
Coverage E	– <i>Personal Liability</i>	\$300,000
Coverage F	– <i>Medical payments</i>	\$5,000

Quote and Dec Page Anatomy

- ▶ Optional Coverage's / Endorsements
 - Backup of Sewer/Drains/Sump Pump
 - Ordinance or Law
 - Earthquake
 - Increased Limits (money, jewelry, guns, tools, ect.)
 - Scheduled property (expensive jewelry, collections, professional instruments ect.)

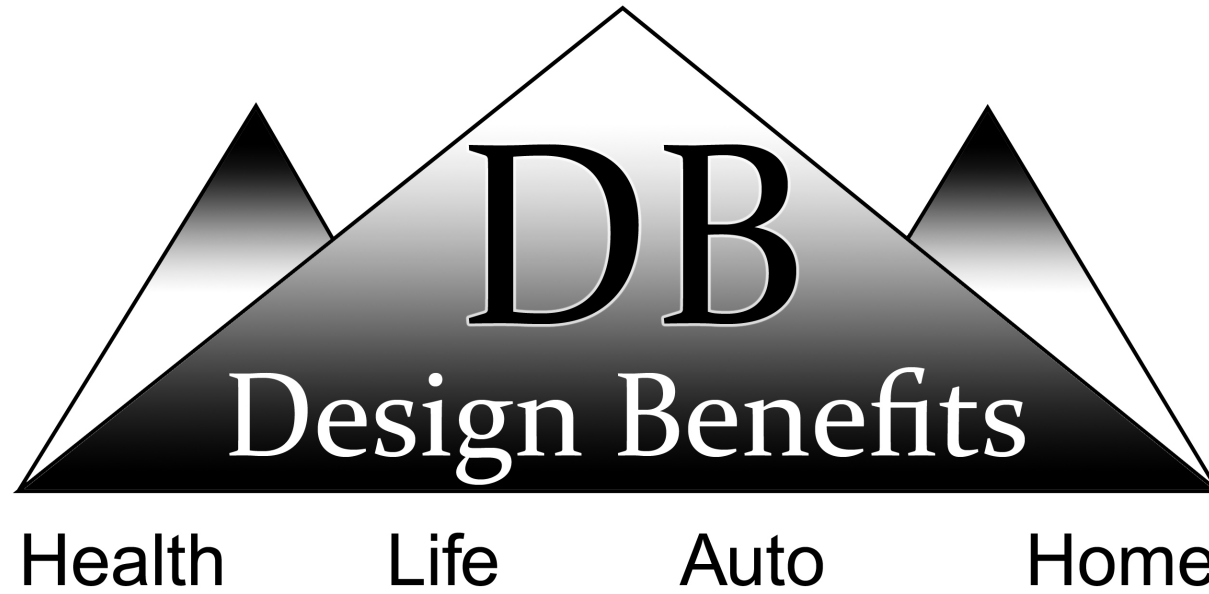
★ These are just some of the optional coverage's ★

{Options vary between carriers}

In Conclusion

- ▶ Now that we have looked at the breakdown of the types of coverage's available

 Lets move to the next step and learn how to Quote a home policy utilizing one of our competitive carriers



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