

Business and Personal Finance © 2012

Chapter 22: Home and Motor Vehicle Insurance

Check Your Answers: Section Assessment

Section 2

Review Key Concepts

- 1.** The five areas of coverage include buildings and other structures, additional living expenses, personal property, personal liability and related coverages, and specialized coverages.
- 2.** The six forms include HO-1, the basic form; HO-2, the broad form; HO-3, the special form; HO-4, the tenants' form; HO-5, the comprehensive form; and HO-6, condominium owners insurance.
- 3** The cost of homeowners insurance is determined based on the location of the home, the type of structure and its construction, the purchase price of the house, the amount of coverage, the type of policy, available discounts, and the company offering the insurance.

Higher Order Thinking

- 4.** Responses might include that if a natural disaster were to occur it would be too expensive for one company to cover all the repairs and living expenses necessary for an entire neighborhood.

21st Century Skills

- 5. Analyze Media** Reports will vary. Messages might include having 24-hour customer service available, or having a lower cost than the competition. Students may indicate that even though they like an ad, they would not choose a company based only on the ad but would require more research.

Mathematics

- 6. Homeowners Insurance** Personal belongings coverage = $\$150,000 \times 55\% = \$82,500$; Total losses = $\$25,000 + \$10,000 + \$5,000 + \$3,500 = \$43,500$; Eva will recover all of her losses.