Lesson 5 Home Insurance

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Tenant's Package Policy

Insurance policy that protects renters from loss of contents or personal belongings.

Example 1

Joe rents an apartment. He calculates the value of his clothes, electronics, furniture, etc. to be worth \$35 000. He wants to get a Tenant's Package Policy with a \$500 deductible to protect these belongings in the event of a fire or robbery. If he selects a standard plan, determine the amount of his annual premium.

Example 2

Carrie rents an apartment. She gets insurance with a \$200 deductible to cover any loss up to \$65 000. If she selects a comprehensive plan, determine her annual premium.

Homeowner's Insurance Policy

Insurance policy that protects homeowners from financial loss from fire, robbery, storm damage, etc. It covers personal belongings as well as the building and any liability.

Factors affecting cost

- Replacement cost
- Location
- Type of coverage
- Amount of deductible
- Any discounts homeowner qualifies for

Example 3

Alecia and Carey have purchased a home with a replacement cost of \$195 000 just outside of Winnipeg (Area 3). They wish to purchase standard coverage with a \$500 deductible. Determine the amount of their annual premium.

Example 4

Tim and Faith purchased a home with a replacement cost of \$325 000 in Area 2. They chose standard coverage with a \$200 deductible. Determine their annual premium.

Table 5
$$325000 - 200000$$
(1) first #200000[25000](2) Add'] cost 125000 # 2.75 pur
1000 125000 * 2.75 pur
1000 125000 * 2.75 pur
343.75 12500 (3) Total 519 + 343.75(4) * 200
862.75(3) Total 519 + 343.75(4) * 200
949.03
* 1.10 * 949.03