

The document provides a comprehensive overview of renter's and homeowner's insurance, which are forms of Property and Casualty (P&C) insurance aimed at protecting personal possessions and offering liability coverage. Renter's insurance safeguards personal belongings and covers additional living expenses if tenants are unable to reside in their rental due to damage, while homeowner's insurance protects the home structure, personal property, liability, and additional living expenses. Notably, the average renter without insurance has over \$35,000 in unprotected belongings, with only 37% of renters having coverage compared to 95% of homeowners, exposing them to significant financial risk. Renter's insurance typically costs around \$184 annually, covering personal property, additional living expenses, and liability protection, which may be mandated by landlords. Homeowners are generally required by mortgage lenders to have insurance covering at least the mortgage amount, although it is advisable to insure 80% to 100% of the home's replacement cost. Standard homeowner's policies exclude business use and damage from floods or earthquakes, necessitating separate policies for these risks. Property can be insured on a replacement cost basis, which pays for the current cost to replace items without depreciation, or on an actual cash value (ACV) basis, which accounts for depreciation, resulting in lower payouts. Umbrella liability coverage offers additional protection beyond standard policy limits, typically available in increments of \$1 million.

The document outlines various activities and discussions aimed at enhancing understanding of renter's and homeowner's insurance, beginning with an activity where students assess the value of their personal belongings. A case study involving Angela O'Brien illustrates the calculation of her possessions' total value at \$7,300, with an estimated renter's insurance cost of \$14 per month or \$168 annually, representing 2.3% of her possessions' value. If her possessions were valued at \$30,000, the insurance cost would rise to \$20-\$24 monthly. Students are encouraged to explore strategies to lower insurance costs, such as opting for ACV insurance or increasing deductibles. Further activities include analyzing a homeowner's insurance infographic, discussing the implications of lacking insurance, and understanding the necessity of homeowner's insurance as

required by mortgage lenders. Key takeaways encompass the types of coverage provided, including dwelling, personal property, and liability, along with the significance of exclusions and deductibles. The document emphasizes the rapid depreciation of personal possessions and the critical need for adequate insurance for significant purchases like homes.

A glossary defines essential insurance terms, including Actual Cash Value, claim, deductible, and liability coverage. Learning extensions suggest additional activities, such as creating a personal property inventory and inviting insurance professionals to speak. The assessment section includes a quiz to evaluate students' understanding of insurance concepts, reinforcing the importance of transferring financial risk through insurance policies. Overall, the document serves as a thorough guide for educating students about the fundamentals of renter's and homeowner's insurance, detailing the types of perils typically covered, the structure of policies, and the importance of understanding the value of personal possessions to determine appropriate insurance coverage.