

Chapter 2

Checkpoint 2.1

1. What does homeowner's insurance cover?

Answer: The home, its structures (like a detached garage), and its contents against certain losses. It also provides liability coverage.

2. What coverage protects you if somebody is hurt on your property?

Answer: Homeowner's insurance.

3. How is earthquake coverage included in a homeowner's policy?

Answer: It is available as an add-on or can be purchased as a separate policy.

4. What determines if a homeowner can purchase flood insurance?

Answer: If the community where the homeowner lives has joined the NFIP and taken steps to manage flood risks.

5. If a home is worth \$100,000, what should the homeowner's minimum coverage amount be?

Answer: \$125,000

Checkpoint 2.2

1. What is CGL?

Answer: Commercial general liability insurance.

2. What does CGL cover?

Answer: Bodily injury, property damage, products the business sells or distributes, medical payments, and personal and advertising injury.

3. What does commercial property insurance cover?

Answer: Physical damage or loss of certain kinds of property.

4. What is the benefit to a business owner of purchasing a commercial package policy?

Answer: Typically, reduced premiums.

5. What does a business owner's policy protect against?

Answer: Property and liability coverage, along with loss of income if the business has to stop operating for a while.