

## Chapter 6

### Checkpoint 6.1

1. How does an umbrella liability policy offer protection?

*Answer:* It provides a high coverage limit that kicks in after the limit of other insurance policies have been reached.

2. What is a person's net worth?

*Answer:* The amount of assets minus the amount of liabilities (debt).

3. What is a common deductible for an umbrella liability policy?

*Answer:* \$300,000

4. What type of insurance combines with a gap policy?

*Answer:* Automobile insurance.

5. What is a way to eliminate the need to buy gap insurance?

*Answer:* By using a larger down payment or buy the car outright without a loan.

### Checkpoint 6.2

1. What type of damage does earthquake insurance protect against?

*Answer:* Damage that the shaking ground causes to a building.

2. What type of earthquake-related loss is covered by a standard homeowner's policy?

*Answer:* Fire or water damage resulting from an earthquake.

3. What is the purpose of the California Earthquake Authority?

*Answer:* To provide affordable earthquake insurance coverage to those living in California.

4. What coverage does title insurance provide?

*Answer:* Protection against losses and legal fees in the event of a title defect on a property title.

5. Why does a mortgage lender require the borrower to buy title insurance?

*Answer:* Correcting a title defect, such as deed errors, omissions, or forgery, can cost a lot of money to correct and may even throw ownership of the property into question.

## Checkpoint 6.3

1. What is medical malpractice?

*Answer:* When a health care provider fails to provide appropriate care and as a result causes injury to the patient.

2. What are damages, as related to malpractice?

*Answer:* Financial compensation for the loss resulting from the malpractice.

3. What purpose does medical malpractice insurance serve?

*Answer:* It protects physicians and other medical-care providers from the financial risk associated with malpractice lawsuits.

4. Why do some states sponsor patient compensations funds?

*Answer:* These funds cover higher-end losses as a way to manage unaffordable malpractice insurance.

5. What is the purpose of state joint underwriter associations?

*Answer:* To provide affordable medical malpractice insurance.

## Checkpoint 6.4

1. What is the difference between identity theft and identity fraud?

*Answer:* Identity theft involves stealing someone's personal information and using it to impersonate them, while identity fraud is using the victim's personal information to do things like withdraw money from bank accounts and rack up credit or debit card charges.

2. What does identity theft insurance offer?

*Answer:* Reimbursement for costs related to restoring one's identity and credit.

3. What is a credit report?

*Answer:* It contains information about a person's credit history, such as what credit cards the person has and payment history.

4. What is a hacker, in general terms?

*Answer:* A person who is an expert at manipulating computer technologies.

5. Explain how a business can protect itself from the financial impact of hacker attacks.

*Answer:* By purchasing hacker insurance.