

CENTER FOR THE WOMEN OF NEW YORK

501(c)(3) Nonprofit Organization

Empowering and Supporting Women Since 1987



Financial Literacy Workshop Series

Every third Wednesday of each month
8 PM - 9 PM

Scan to register or go to
tinyurl.com/financial-2022



Guest Speaker:
Kathy Carroll, E.A.



Next Topic:

"Keep Your Assets Safe:
Home & Auto Insurance"

Wednesday, October 16, 2022

8:00 pm to 9:00 pm

Via Zoom

Email events@cwny.org with
any questions

CWNY MISSION

The Center for the Women of New York helps women overcome financial, violence, social, wellness, and legal issues by raising awareness and advocating for full gender equality for women, understanding their needs, and connecting them with CWNY services, nonprofit partner organizations, and public resources to aid, uplift, and address their challenges.



CWNY CURRENT SERVICES AND PROGRAMS

- Referrals and Advocacy Program
- Financial Literacy Workshop Series
 - Career Workshop Series
- Women in Crisis Support Group
 - Caregivers Support Group
- One-on-one tax preparation assistance
- Gardening and Sustainability Workshops
 - Conversational ESL Class
 - Legal Support Team
 - Yoga classes
 - Self-Esteem Workshops

cwny.org/past-events



Q & A

Your questions will be addressed after the presentation.

Use the Chat Box at the bottom of your Zoom screen to ask questions.

If you dialed in, email your questions to events@cwny.org



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CWNY Financial Literacy Series

Keep Your Assets Safe:
Home and Automobile Insurance

Insurance: What is it?

What does one think of when they hear the word

“insurance”? Do you think of a green gecko, or an emu, or a duck, or a woman in a white outfit? These characters certainly grab our attention and hopefully make us think about the insurance protection we need to protect our homes, automobiles and assets.

Insurance Defined

Insurance is defined as protection against possible financial loss (Focus on Personal Finance, Kapoor, et.al., 6th edition, pg. 247). Although a multitude of insurance types exist, including home, auto, personal property, flood, life, health, etc., tonight we are only going to address the first four topics. Life and health insurance are very complex and diverse topics that will be a topic of a future webinar.

What do insurance companies do?

An insurance company (insurer), is a risk-sharing business that agrees to pay for losses that may happen to someone it insures. A person joins the risk-sharing group by purchasing a contract known as a policy. The purchaser of the policy is called a policyholder. Under the policy, the insurance company agrees to take on the risk. In return, the policy-holder pays the company a premium. The protection provided by the terms of an insurance policy is known as “coverage” and the people protected by the policy are known as the “insured” (Kapoor, 6th edition, page 248)

Insurance and Risk

Risk is the chance of loss or injury. Loss and injury are not predictable and can happen at anytime (as shown in Allstate commercials through the character of Mayhem). Because of risk, an insurance company takes a chance every time it issues a policy. Personal risks, property risks, and liability risks are types of pure (insurable) risks. The insurance company will have to pay only if a covered event actually happens. Pure risks are accidental and unintentional (Kapoor, 6th edition, pg. 248)

Risk Shifting

The basis of having insurance is to shift risk. This is whether it be the risk of a car accident, a burglary, or a storm. When one has a policy, the risk is shifted from the individual to the insurance company, In exchange for your payment of the premium, the insurance company agrees to pay for your losses.

Deductibles

Most insurance policies include deductibles. A deductible is the set amount that the policyholder must pay per loss on an insurance policy. A deductible is the portion of the risk that the policyholder must pay on their own if a loss occurs. For example, auto insurance policies may typically have deductibles that range from \$500 to \$2,000. This is the amount the insurance company expects the policyholder to pay on their own (not covered by the insurance) if a loss occurs.

Homeowner's Insurance

Homeowner's insurance can protect your home and your belongings. Coverage can include:

Your home and any other structures on your property.

Additional living expenses if you cannot stay in the home.

Personal Property

Personal Liability

Homeowner' Insurance Coverages

Homeowner's insurance will protect you against financial loss if your home is damaged or destroyed. This would include garages, sheds, landscaping and other site improvements of the house. Household belongings and personal property may not be covered in full, but are instead covered as percentage of the value of the building. Typical portions are 55, 70, or 75 percent (Kapoor, pg. 254)

Personal Liability

One of the most important aspects of homeowner's insurance is protection against personal liability. This coverage will protect you and your family if others sue you for injuries they sustain or if their property is damaged while on your property. The coverage will also pay for attorney's fees to defend you against any lawsuit.

Homeowner's Insurance Required

Although most homeowners realize the importance of having their property properly insured and would have it in place in any event, banks and lending institutions will require you to have homeowner's insurance in place at all times. In fact, prior to closing on a home purchase, the buyer must obtain a policy and produce a paid bill for the premium at or before the closing. Very often, the lender will escrow the future premiums and include them in the new homeowner's monthly mortgage payment along with principal, interest, and real estate taxes.

Auto Insurance

Every state in the United States has a financial responsibility law. (Kapoor, pg. 262). Financial responsibility laws require drivers to prove they can pay for damage or injury caused by an automobile accident. All states have laws requiring people to have motor vehicle insurance. Penalties for driving without insurance include fines, suspension or revocation of license, or the possibility of going to jail.

Auto Insurance: Two categories

Auto insurance includes protection for bodily injury, as well as protection for property damage. Bodily injury liability covers injuries caused by an accident for which you are responsible. Costs covered include legal expenses, medical costs, lost wages, and other expenses that may be associated with injuries.

Liability Coverage Expressed

Liability coverage is usually expressed as three numbers. For example: 100/300/50. These amounts represent thousands of dollars of coverage. The first two numbers refer to bodily injury coverage. As shown, \$100,000 is the maximum amount that the insurance company will pay for the injuries of any one person in any one accident. The second number, \$300,000, is the maximum amount the company will pay for all injured parties (two or more) in any one accident. The third number \$50,000, is the limit for payment for damage to the property of others.

Property Coverage Expressed

Automobile insurance property damage coverage protects one from financial loss if you damage someone else's property or if your vehicle is damaged. It includes property damage liability, collision and comprehensive physical damage. Some states, including New York State, have a no-fault system where drivers involved in accidents collect from their own insurance companies. Under a no-fault system, it does not matter who caused the accident.

New York State Minimum Insurance Requirements

https://www.dfs.ny.gov/consumers/auto_insurance/minimum_auto_insurance_requirements

The minimum coverages and amounts of insurance that must be purchased to satisfy the financial responsibility requirements needed to register your car and obtain license plates include:

1. No-Fault (Personal Injury Protection) - to pay medical expenses, lost earnings, and other reasonable and necessary expenses, for example household help and transportation to medical providers, for a driver or passenger injured in, or a pedestrian injured by, your car;
2. Liability - to protect against the harm your car, or any car you drive with the owner's permission, might do to other people and their property; and
3. Uninsured Motorists - to protect against the injuries you, your family or your passengers might suffer in a hit-and-run accident or in an accident with an uninsured vehicle.

Additional Auto Insurance Required

Similar to the requirement for homeowner's insurance when buying a new house, the purchase of an auto with financing will require additional insurance above the minimum requirements. Auto lenders will require additional collision coverage until the loan is paid off in order to fully insure the value of the collateral (the new car). Leasing companies will also require this additional coverage.

Personal Property- Renter's Insurance

While it is very important to understand and have insurance if one owns a home, statistics show that 67% of New York City residents rent rather than own their place of residence.

[New York City Renters Statistics and Trends - ValuePenguin](#)

Personal property coverage

\$25,000

This coverage protects your movable goods, from furniture to clothing and electronics.

In most cases, renters insurance protects your things wherever you take them.

Renter's Insurance Coverage

Liability coverage

\$100,000

Renters insurance covers your personal liability as well as your property. This includes medical costs for injured guests and damage to other people's property.

Renter's Insurance Coverage

Loss-of-use coverage

\$50,000

Sometimes called "relocation expenses" coverage, loss-of-use coverage pays your expenses if your apartment ever becomes inaccessible or unlivable.

Renter's Insurance Cost

Renter's insurance is advertised on the Valuepenguin.com website for \$187 annually (\$16 per month), with a \$500 deductible. Renter's insurance provides valuable protection for tenants, who may be under the impression that their landlord's insurance will protect their belongings, which is generally not the case.

Flood Insurance- What is a Flood

A flood is an excess of water (or mud) on land that is normally dry. The National Flood Insurance Program (NFIP) defines flood to be a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area, or of two or more properties (at least one of which is the policyholder's property) from:

- Overflow of inland or tidal waters;
- Unusual and rapid accumulation or runoff of surface waters from any source;
- Mudflow; or
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining, caused by waves or currents of water exceeding anticipated cyclical levels.

[Flood Insurance | Department of Financial Services \(ny.gov\)](#)

Flood Insurance

Flood Insurance

While floods are the most common natural disaster in the United States, insurance coverage for losses from floods is not provided in standard homeowners or tenants policies. Insurance for flood damages is generally available under a separate policy issued through the National Flood Insurance Program (NFIP) and available to homeowners, renters and businesses.

Homeowners

You may purchase flood insurance covering up to \$250,000 of flood damage to your home. A standard flood policy will cover structural damage, including damage to the furnace, water heater, air conditioner, floor surfaces (carpeting and tile) and debris clean-up.

The contents of your home are not covered under a standard flood policy, but for an additional premium, you also may purchase flood coverage for up to \$100,000 of damage to your personal property.

Coverage for basements, crawlspaces and ground-level enclosures on elevated homes is limited. If your home has these spaces, be sure to ask your insurance agent about any restrictions in your coverage.

Renters

Flood is not covered under your basic renters insurance policy. Talk with your insurance agent about your flooding risks to decide if you need flood coverage for your belongings.

Flood Zones

Flood zones are shown on the FEMA (Federal Emergency Management Agency) maps. A review of these maps can help you determine if your property is in a flood zone:

[FEMA Flood Map Service Center | Search By Address](#)

Conclusion

Thanks for your attendance! Please join us next month on Wednesday January 18, 2023 for a continuation of our Financial Literacy Series. Our next topic will be a continuation of Insurance: Health.

Wishing Everyone a Happy and Safe Thanksgiving!



Thank you, Kathy
Carroll!

UPCOMING EVENTS

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