

AGRICULTURAL EXTENSION SERVICE  
WASHINGTON STATE UNIVERSITY  
PULLMAN, WASHINGTON

EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS IN COOPERATION WITH U.S. DEPARTMENT OF AGRICULTURE

E.M. 2584

PROPERTY INSURANCE

Check this sheet as a reminder of facts to consider as you decide if you want insurance and how much you need and can afford. Then use the statements as a property guide for increasing your information.

About insurance on your house, would you agree or disagree?

- AGREE \_\_\_\_\_ 1. Insurance is a way of protecting yourself against an uncertain catastrophic loss by taking a small loss regularly.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 2. Buy insurance. Don't be sold insurance.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 3. I should expect to pay about \$40 a year for fire, theft, and liability insurance on a \$15,000 home.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 4. Insurance allows you to plan for the future without setting aside large cash funds for disaster.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 5. Misunderstandings could be avoided if insurance buyers would READ THE POLICY.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 6. Insurance rates are standard for every \$1,000 worth of property.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 7. There is no need to shop from one insurance company to another for the best buy.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 8. It is safer for the common man to buy insurance from a stock company than a mutual company.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 9. It is perfectly safe to buy fire insurance from a small company that operates only within the borders of your state.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 10. Package insurance plans are financially more advantageous than buying insurance for each single item you want.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 11. Families should first buy insurance against hazards that would cause serious financial loss.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 12. Fire and other damage to a home is a serious loss that would cause severe financial hardship on my family.  
UNCERTAIN \_\_\_\_\_  
DISAGREE \_\_\_\_\_

- AGREE \_\_\_\_\_ 13. Adequate fire protection is required for a home with a  
UNCERTAIN \_\_\_\_\_ mortgage.  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 14. It is shrewd to insure a piece of property for more than it is  
UNCERTAIN \_\_\_\_\_ worth.  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 15. A home insurance policy means your property investment is  
UNCERTAIN \_\_\_\_\_ absolutely safe.  
DISAGREE \_\_\_\_\_
- AGREE \_\_\_\_\_ 16. A 30 year old man with a wife and two babies and a new home  
UNCERTAIN \_\_\_\_\_ took out a term insurance policy for 20 years at \$50 a year.  
DISAGREE \_\_\_\_\_ In the event of his death his wife would have \$10,000 to pay  
off the mortgage. This \$1,000 paid over 20 years into term  
insurance to cover a mortgage is a good idea.
- AGREE \_\_\_\_\_ 17. Families need to protect themselves against big catastrophies.  
UNCERTAIN \_\_\_\_\_ An emergency fund in the bank can take care of minor losses.  
DISAGREE \_\_\_\_\_

Guidance for Family Security Against Hazards that Threaten Home and Household Property.

1. Keep a reserve fund in the bank to cover small losses.
2. Own insurance for the event of catastrophic loss.
3. Evaluate the risk of the loss vs. the cost of protecting your family against this loss.

When Should You Own Insurance?

1. For the event of a catastrophe with loss so serious that you could not cover it with a small reserve fund. Example: family home burns down.
2. Insurance to cover possible legal obligation. Example: someone might sue you for negligence if an accident occurred on your property.
3. To cover possible loss of the money lender when you obtain a mortgage on your property. Example: a money lender will require fire insurance on the house to protect the investment he has made.

How Much Insurance Should a Family Consider?

1. Cover the amount of risk which would be a serious financial loss.
2. Avoid placing the value too high or too low.

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