

Creating Assets, Savings and Hope

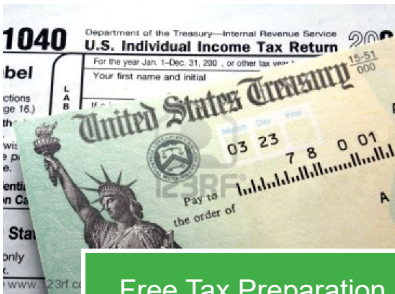


CASH
CAMPAIGN
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Credit \$marts

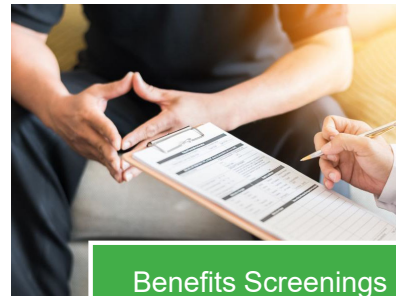
What we offer



Free Tax Preparation



Financial Education Workshops/Conferences



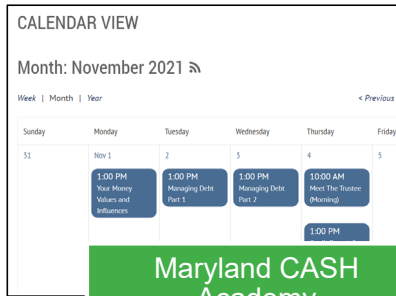
Benefits Screenings



Financial Coaching & Planning Program



Financial Fitness Fairs



Maryland CASH Academy



Advocacy and Policy



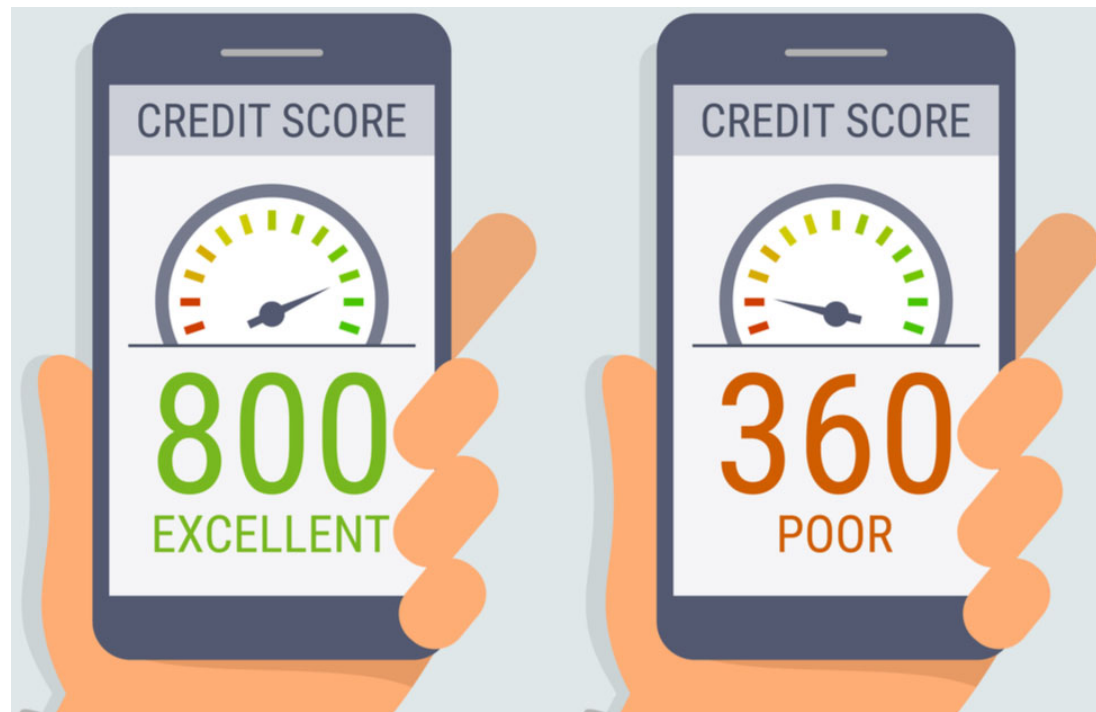
Bank On Maryland

Creating Assets, Savings and Hope

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Why is Credit Important?

Loans Interest Rates Down Payments Non-credit



Creating Assets, Savings and Hope

Cost of Credit Score

\$305,000 house with 20% down = Mortgage of \$244,000

FICO Score	APR	Monthly Payment	Total Interest Paid
760-850	4.147%	\$1,186	\$182,840
700-759	4.369%	\$1,217	\$194,261
680-699	4.546%	\$1,243	\$203,476
660-679	4.76%	\$1,274	\$214,745
640-659	5.19%	\$1,338	\$237,797
620-639	5.736%	\$1,422	\$267,829



Creating Assets, Savings and Hope

Consumer Access to Credit Reports

- www.annualcreditreport.com: One free report each year from each of the three major credit bureaus.

MD law also allows free report per year

COVID 19 = Free reports weekly

Step 2:
Know the Score



January	February	March	April
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4
8 9 10 11 12 13 14	8 9 10 11 12 13 14	8 9 10 11 12 13 14	5 6 7 8 9 10 11
15 16 17 18 19 20 21	15 16 17 18 19 20 21	15 16 17 18 19 20 21	12 13 14 15 16 17 18
22 23 24 25 26 27 28	22 23 24 25 26 27 28	22 23 24 25 26 27 28	19 20 21 22 23 24 25
29 30 31		29 30 31	26 27 28 29 30
May	June	July	August
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6	1 2 3 4 5 6	1 2 3 4	30 31 1
7 8 9 10 11 12 13	7 8 9 10 11 12 13	5 6 7 8 9 10 11	2 3 4 5 6 7 8
14 15 16 17 18 19 20	14 15 16 17 18 19 20	12 13 14 15 16 17 18	9 10 11 12 13 14 15
21 22 23 24 25 26 27	21 22 23 24 25 26 27	19 20 21 22 23 24 25	16 17 18 19 20 21 22
28 29 30	28 29 30	26 27 28 29 30 31	23 24 25 26 27 28 29
September	October	November	December
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6 7	1 2 3	1 2 3 4 5 6 7	1 2 3 4 5
8 9 10 11 12 13 14	4 5 6 7 8 9 10	8 9 10 11 12 13 14	6 7 8 9 10 11 12
15 16 17 18 19 20 21	11 12 13 14 15 16 17	15 16 17 18 19 20 21	13 14 15 16 17 18 19
22 23 24 25 26 27 28 29 30	18 19 20 21 22 23 24	22 23 24 25 26 27 28	20 21 22 23 24 25 26
	25 26 27 28 29 30 31	29 30	27 28 29 30 31

Free Credit Monitoring!

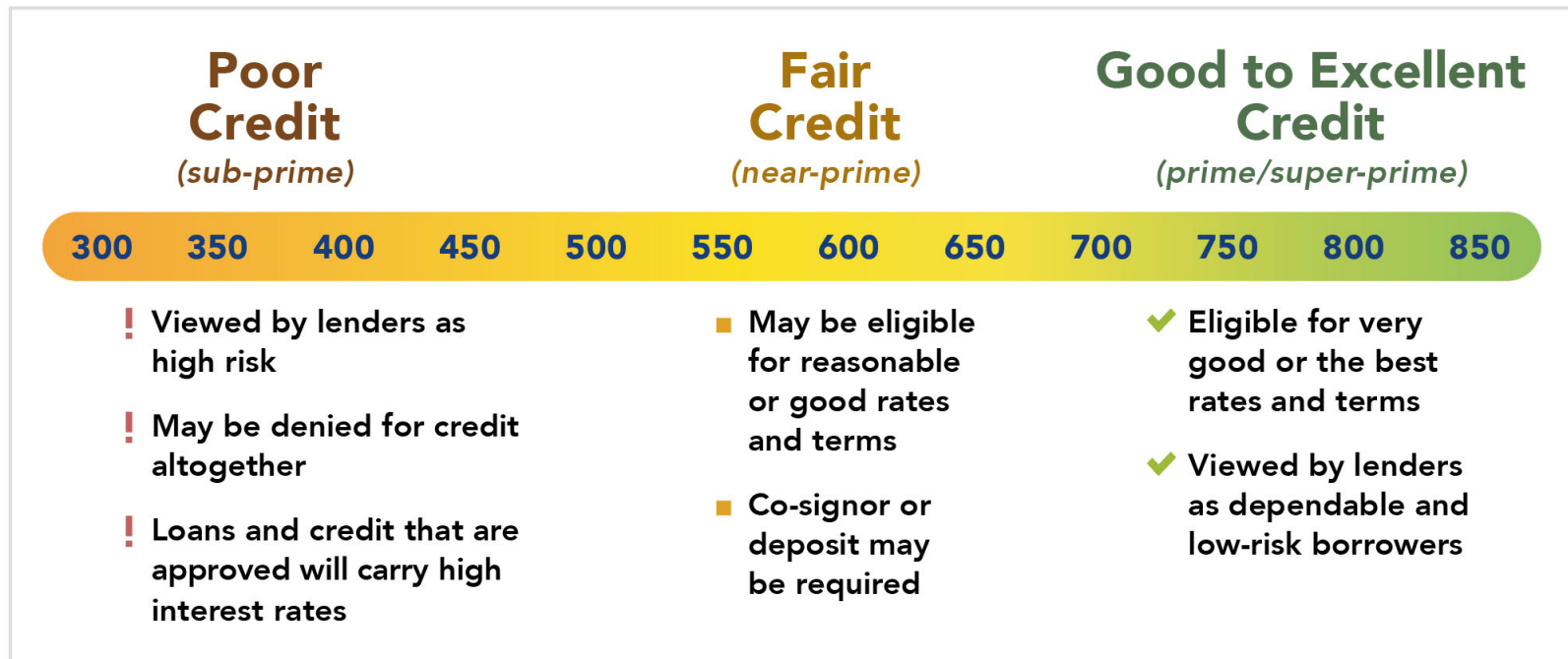
Credit Scores

A number based on the analysis of an individual's credit report that represents their creditworthiness.

- Same info in a report used
- 3-digit number
- Helps lenders efficiently judge creditworthiness



What is a Good Score?



Note: Based on FICO® Score ranges and distributions. As there is no one score and ranges are not static, what is a “good score” depends on the lender/ business as well as overall consumer performance at any given time.

Fair Isaac Corporation

Step 2:
Know the Score



SOURCE: FICO

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How to Access Credit Scores

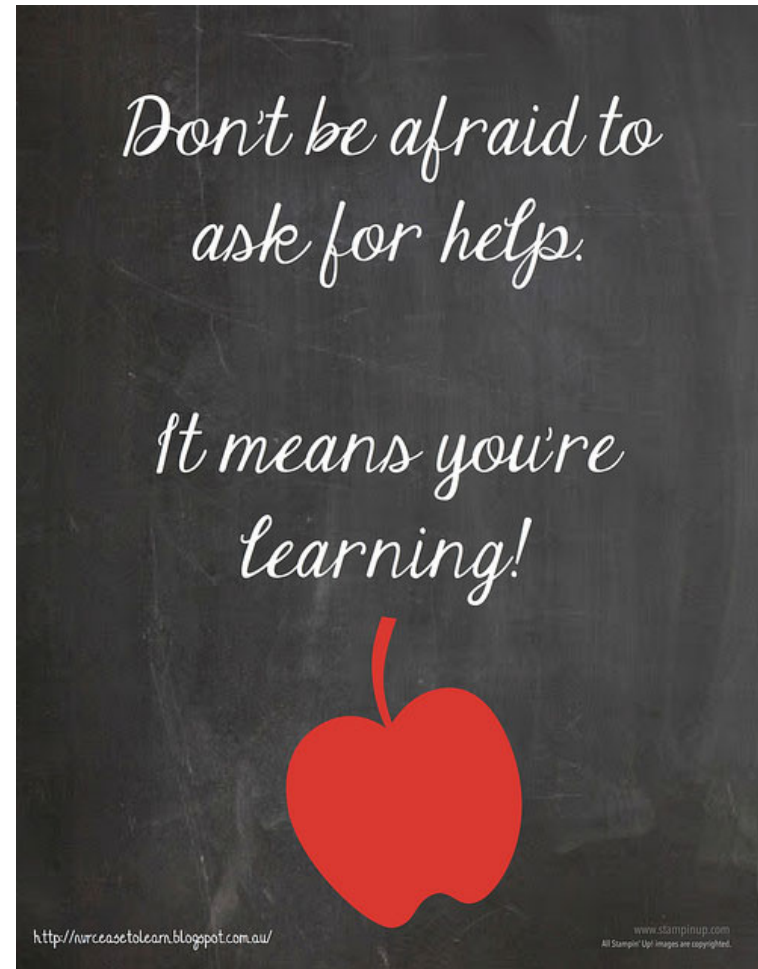
- **Some financial institutions, credit card issuers, credit sites (Credit Karma), nonprofit credit and financial counseling programs**
 - Resource: CFPB list at bit.ly/CFPB_FreeScores
- **From annualcreditreport.com, myfico.com, individual credit bureaus, and lenders, if used for underwriting**



POP QUIZ: Is the score required to be free to consumers?

If a person does not have credit history

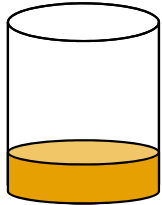
- Small loan or credit card account with a credit union: Credit unions may be more willing to take a risk on someone with no credit.
- Secured Credit Card: A deposit (typically around \$200) to back up payments.



Review! Best Practices for Strong Credit Scores



Keep it Active! Establish and maintain a mix of at least three active installment and revolving credit products – ALWAYS PAY ON TIME!



Keep it Low! Lower debt balances on revolving lines of credit.



Keep it Up! You want at least six months of credit history – and activity! – on your credit report at any time.



DID YOU KNOW?

In just **6 - 12** months:

- **Someone with no score who adds installment loan of \$100 and pays it on time can be in the **near-prime** to **prime range**!**
- **A scored consumer with a low score may see an increase of **35 points**!**

Thank you!

Questions?

www.mdcashacademy.org

Sue Rogan, AFC®

sue@cashmd.org

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Understanding Mortgage Loans During the Homebuying Process –

Lunch & Learn Webinar (Maryland Insurance Administration)



Meredith Merchant,
Assistant Commissioner, Consumer and External Affairs
Maryland Office of Financial Regulation

December 7, 2023



Office of Financial Regulation

The views expressed in this presentation are those of the presenter(s) alone and do not necessarily reflect the position of the Commissioner of Financial Regulation or the Secretary of the Maryland Department of Labor.

This presentation contains general information only, and is not legal or financial advice.



Wes Moore, Governor
Aruna Miller, Lt. Governor
Portia Wu, Secretary, Maryland Department of Labor
Antonio P. Salazar, Commissioner of Financial Regulation

About OFR

The **Office of Financial Regulation (OFR)** makes sure financial institutions and businesses or individuals that provide financial services are:

- ✓ Treating Maryland consumers fairly.
- ✓ Operating in a fiscally sound manner.
- ✓ Following state laws and regulations.



Office of Financial Regulation
www.labor.maryland.gov/finance

 **Maryland**
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Who We Regulate

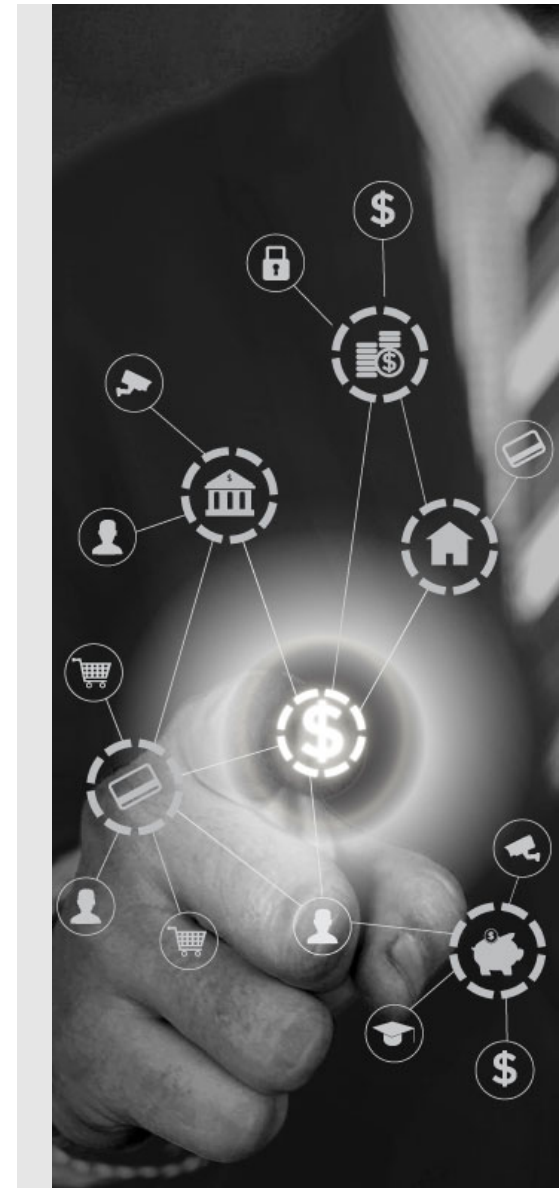
The financial institutions and financial service providers regulated by OFR include, but are not limited to*:

- **Lenders that issue or service mortgage loans**, personal loans, vehicle loans, or installment loans.
- Check cashing and money transmission services.
- Collection agencies and credit reporting agencies.
- Debt management and credit repair businesses.
- Sales financing companies and student loan servicing companies.
- Banks, credit unions, and trust companies chartered in Maryland.

*See [Regulated Industries and Activities](#) on our website for a more extensive list of the financial services under OFR's jurisdiction.



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Mortgage Terminology

Know “who” you’re talking to:

- **Mortgage lender** – Any business that makes a mortgage loan.
- **Mortgage loan officer/originator (MLO)** – An individual who, for a fee or compensation, takes a loan application and/or negotiates the terms of a mortgage loan.
- **Mortgage broker** – A business that, for a fee or compensation, assists a borrower in obtaining a mortgage loan and is not named as a lender in the agreement.
- **Mortgage servicer** – A business that collects or otherwise receives payments on mortgage loans directly from borrowers for distribution to any other person or company.

See labor.maryland.gov/finance/industry/mortlend.shtml



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Mortgage Terminology (cont'd)

Know mortgage loan characteristics:

- **Principal** – The amount of money borrowed.
- **Interest rate** – What the lender charges for borrowing money, usually expressed as a percentage of the principal; interest rate is included in the monthly payment.
- **Annual Percentage Rate (APR)** – Total cost of borrowing money; includes the interest rate, points, and/or fees.
- **Fixed vs. Adjustable Rate Mortgage (ARM)** – The interest rate remains the same over time for a fixed-rate mortgage; for ARMs, the interest rate changes periodically, depending on the loan agreement and index rate.
- **Loan Term** – How long the borrower has to repay the loan, pursuant to the provisions in the loan agreement.

NOTE: This is a basic list of potential loan characteristics and not exhaustive.



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What is an Escrow Account?

An **escrow account** is used to pay certain property-related expenses, like property taxes, homeowner's insurance, and private mortgage insurance (if applicable).

- Escrow accounts are required for some loan types and are set up by the mortgage lender. Borrowers can request voluntary escrow accounts.
- Escrow analyses are conducted annually by the mortgage servicer to ensure adequate funding; the borrower receives a copy of the analysis.
- **Private Mortgage Insurance (PMI)** – Insurance (paid by borrower) to protect the lender in the event the borrower defaults on the loan; typically required by lender for loans with a down payment less than 20% of purchase price.



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Understand the Documents

Some of the loan-related documents include:

- **Prequalification Letter** – Lender estimate of the loan amount a borrower may be approved for; based on unverified info from borrower.
- **Preapproval Letter** – Lender estimate of the loan amount a borrower may be approved for; based on info from borrower and verified through credit check.
 - Some lenders use “prequalified” and “preapproved” interchangeably.
- **Loan Estimate** – Standard document with important details about the loan and loan costs (terms, interest rate, payment, fees and charges, escrow, etc.); can be used to compare different loans; required for most mortgages.
- **Closing Disclosure** – Standard document with final details about the loan and loan costs; required for most mortgages and must be given to borrower at least 3 days before closing.

NOTE: This is a simplified list of documentation provided to the borrower during the mortgage loan origination and closing process; it is not exhaustive.



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Exploring Your Options

First, a little preparation:

- Save what you can for down payment, and extra for unplanned expenses.
- Know your budget and credit profile.
- Gather paperwork (proof of income, account statements, tax returns, etc.)

Then, time to shop around:

- Identify potential lenders – ask for recommendations from trusted professionals.
- Contact at least three lenders, which may or may not include your own bank or credit union.
- Talk with their loan officers, discuss your needs and obtain preapproval letters; request Loan Estimates if you choose to move forward.
- Compare Loan Estimates and determine which is best for your situation.



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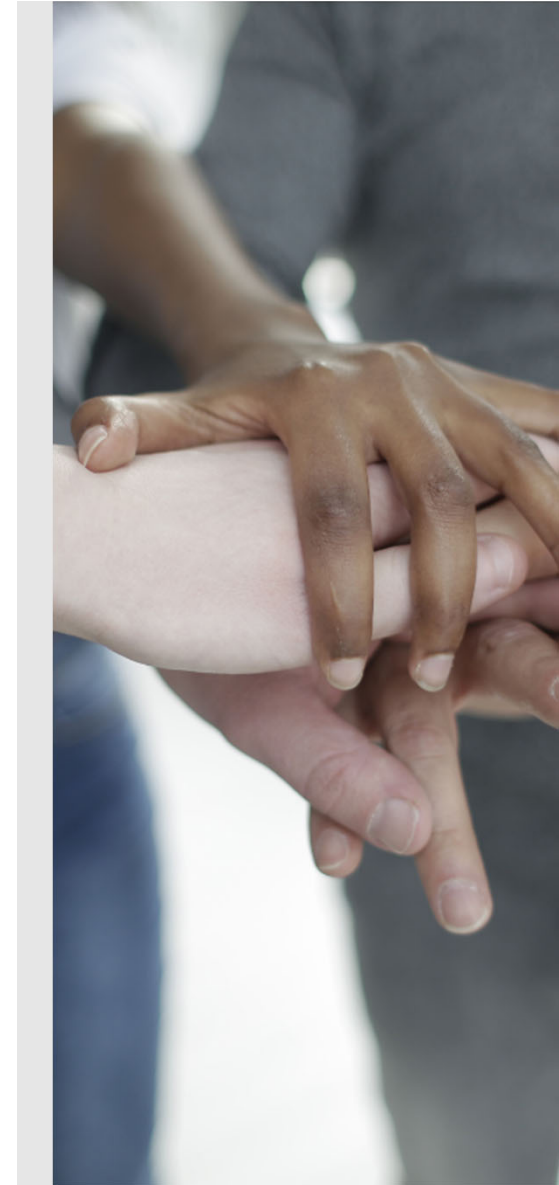


Don't Go it Alone!

- Maryland has many nonprofit agencies that directly assist consumers who are in need of legal or financial advice related to credit, debt, loans, or other financial products.
- First-time homebuyers may work with a nonprofit housing counseling agency that offers **pre-purchase homebuyer education classes and one-on-one financial counseling sessions.**

You may even get a discount on your loan costs!

- Use a housing counseling agency approved by the U.S. Department of Housing & Urban Development. Search for one near you at: hud4.my.site.com/housingcounseling

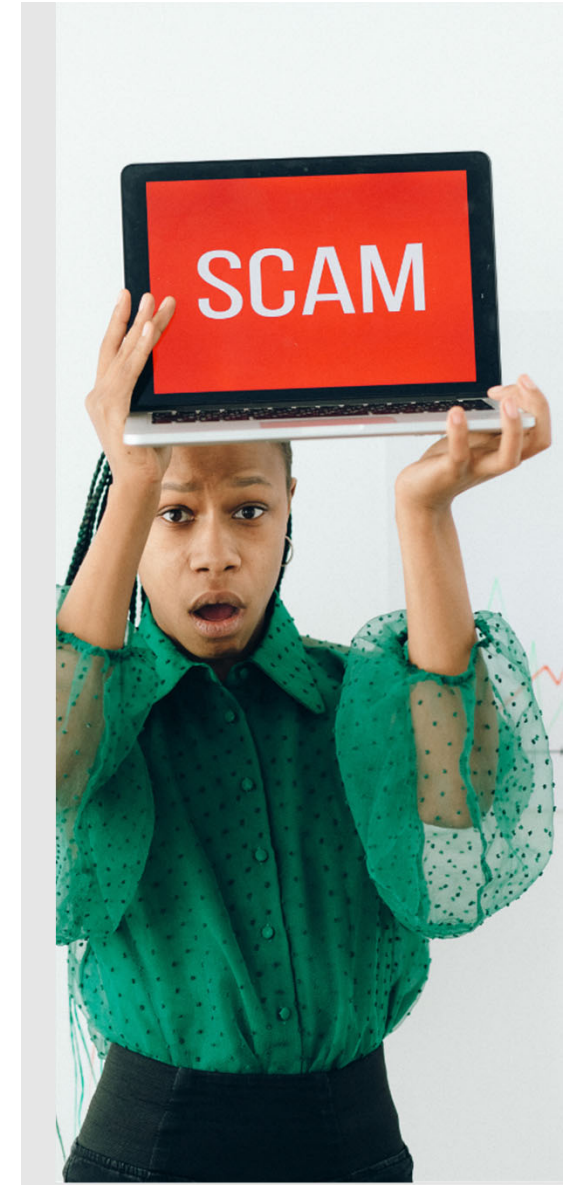


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Avoid Mortgage Scams

- **Make sure your mortgage loan officer or broker has a current Maryland license** (visit labor.maryland.gov/finance/industry/licsearch.shtml).
- **Be wary of unsolicited calls** from unknown persons saying they are with your lender or settlement company – always confirm before giving out sensitive information by calling the lender or company directly, using the phone number on your documents.
- **Do not email sensitive financial information without encryption.** Lenders should have secure, encrypted email or password-protected portals.
- **Watch out for “phishing” scams**, in which fraudsters impersonate your loan officer, broker, lender or settlement company. Examine unsolicited emails carefully, and refrain from clicking on unknown links. Be especially wary of those that ask you to input financial information until you confirm the source.



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Consumer Complaints

Consumer complaints help OFR enforce Maryland's consumer financial protection laws.

- Submit a complaint to OFR if you have a dispute with your mortgage company that you've been unable to resolve (or with any other company/individual regulated by OFR) **or** submit a complaint to report allegations of fraud or other illegal activity. OFR will investigate your complaint and take additional action if deemed necessary.
- Email the Consumer Services Unit at CSU.Complaints@maryland.gov for assistance or to determine whether the subject of a complaint falls under OFR's jurisdiction.
- Visit OFR's website to submit a complaint electronically or use the PDF form. See [Consumer Complaints and Inquiries](#).



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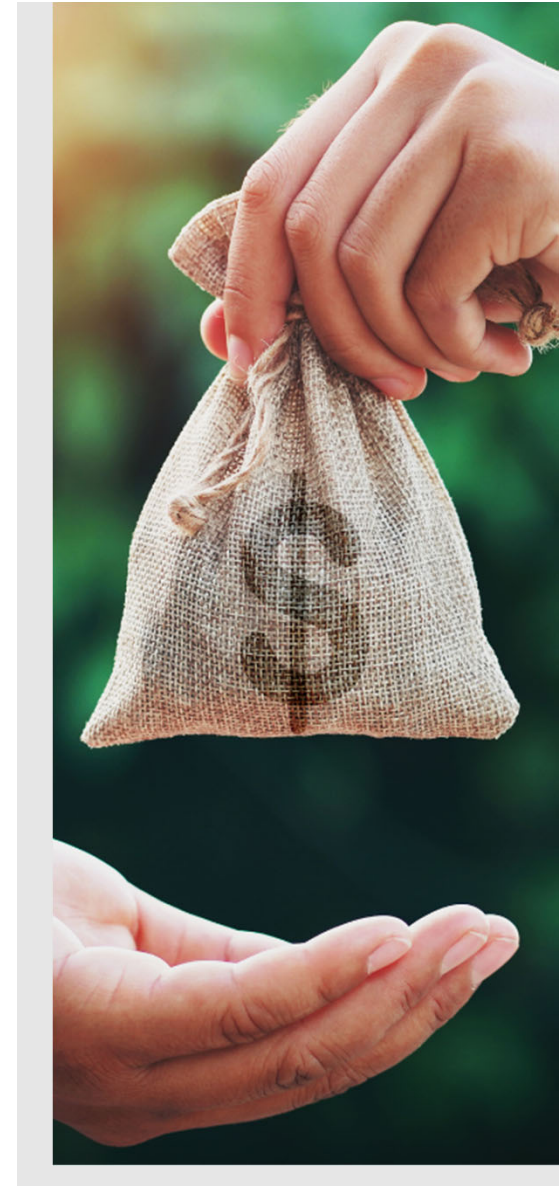
Resources

The **Consumer Financial Protection Bureau (CFPB)** has easy-to-understand information on their website about mortgages and buying a home. See these pages on CFPB's website to learn more:

- consumerfinance.gov/owning-a-home
- consumerfinance.gov/consumer-tools/mortgages

To learn about Maryland's first-time homebuyer programs, visit the **Maryland Dept. of Housing and Community Development** website at dhcd.maryland.gov.

To learn more about the **Maryland Office of Financial Regulation** and access consumer resources or submit a consumer complaint, visit our website at labor.maryland.gov/finance.



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Office of Financial Regulation

QUESTIONS OR COMPLAINTS

Consumer Services Unit

410-230-6077

CSU.Complaints@maryland.gov



Wes Moore, Governor
Aruna Miller, Lt. Governor
Portia Wu, Secretary, Maryland Department of Labor
Antonio P. Salazar, Commissioner of Financial Regulation

OFR WEBSITE

www.labor.maryland.gov/finance

MAIN PHONE NUMBER

(410) 230-6100

GENERAL E-MAIL

DLFRFinReg-LABOR@maryland.gov

OFFICE ADDRESS

1100 North Eutaw Street, Suite 611
Baltimore, Maryland 21201



Maryland
INSURANCE ADMINISTRATION



Homeowners Insurance: Understanding the Basics



This presentation does not provide legal advice.
You should discuss specific questions with your
trusted financial advisor or insurance producer.

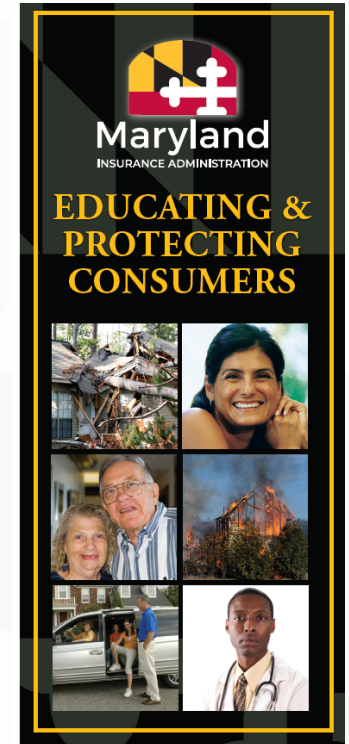


What is the Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms.
- Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.

[Video: How the MIA Can Help](#)



What is the Maryland Insurance Administration?

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. Examples of improper actions include:

- Improperly denying or delaying payment of all or portions of a claim;
- Improperly terminating your insurance policy;
- Raising your insurance premiums without proper notice;
- Making false statements to you in connection with the sale of insurance or processing of insurance claims; and,
- Overcharging you for services, including premium finance charges.

What is homeowners insurance?

Homeowners insurance can help you manage the financial risks of homeownership. Homeowners insurance may:

- Help you recover financially following a covered loss to your:
 - a. Dwelling
 - b. Personal Property (contents)
 - c. Other Structures
- May protect you financially if someone is hurt or their property is damaged because of something you did or something that happens on your property by providing liability coverage and/or paying for medical payments.



What are the basic parts of a homeowners insurance policy?

The terms and amount of coverage for a particular loss will depend upon the terms of your policy. Generally, homeowners policies include the following parts:

- **Dwelling Coverage** –provides protection if a covered peril damages or destroys your home.
- **Other Structures** – provides protection if a covered peril damages or destroys detached outbuildings and structures, like fences, that are not part of your dwelling.
- **Personal Property (contents)** –provides protection if your personal property is lost, damaged or destroyed by a covered peril.
- **Additional Living Expenses (ALE)** – may pay for additional expenses you incur when you cannot live in your home because of damage or loss that is covered by your policy. Generally, coverage will only pay for living expenses that are not “normal and customary”.
- **Liability Coverage** – may provide protection if you or a member of your family are legally responsible for an injury to another person or cause damage to another person’s property. Liability coverage generally pays for attorney’s fees and any settlement amount up to policy limits
- **Medical Payments** – provides payment up to a specified amount for reasonable and necessary medical expenses incurred by people injured in an accident in your home regardless of fault (**does not apply to you or member of your household**). This provision will pay covered medical expenses for a minimum of up to three years from the date of injury or accident.

Understanding Your Declarations Page

When you purchase a homeowners insurance policy, renew your policy, or make any changes to your policy, the insurer will give you a document called a “Declarations Page.”

The declarations page is the part of your policy that is specific to you and provides important information about your policy limits for each type of coverage

Your Insurance Company 3535 Second Street Company Town, USA 54321		Policy number: XX-XXXXXX-XX	Expiration date: July 1, 2015	1
		Policy period: 6 months	Effective date: January 1, 2015	
Homeowners Insurance Policy <SAMPLE>				
Named Insured	Address	Mortgagee	Address	
John E. Doe	123 E. Main Street Insured Town, USA 12345	Bank of USA	1212 First Street Company Town, USA 54321	
XYZ Insurance Company considers your claims history when determining whether to cancel or to non-renew your insurance policy.				
Coverages & property		Liability limits	Inflation coverage index	XXX.X
SECTION I				
A Dwelling		\$250,000	Deductibles All peril \$2,000	In case of loss under this policy, the deductible will be applied per occurrence and will be deducted from the amount of loss. Other deductibles may apply – refer to your policy.
B Dwelling extension (garage)		\$25,000		
C Personal property		\$125,000		
D Loss of use		Actual loss sustained		
SECTION II				
L Personal liability (each occurrence)		\$300,000	Policy premium	\$1,000
Damage to property of others		\$1,000	Discounts applied	
M Medical payments to others (each person)		\$2,000	Home/Auto	
Loss of settlement provisions (see policy)				
A1: Replacement cost – Similar construction				
B1: Limited replacement cost – Coverage B				
Forms, options and endorsements				
Replacement cost coverage		xx-xxxx	Home protection (burglar and fire alarms, smoke detectors)	
Mold, fungus, wet rot, dry rot or bacteria		xx-xxxx	Claim record/Customer longevity	
Ordinance or law coverage:				
10% of Coverage A		xx-xxxx		
Earthquake excl. masonry veneer		xx-xxxx		
Sewer, water backup coverage:				
\$10,000/\$500 deductible		xx-xxxx		
Increase dwelling, up to \$50,000		Option XX		
Jewelry and furs, \$5,000 each		Option YY		
Your policy consists of this page, any endorsements and the policy form. Keep together.				

Understanding Your Declarations Page

The Declarations Page will show:

- The name of the insurer and the name of your insurance producer (agent or broker)
- The insured's name(s), and the address of the insured location
- It may also list your mortgage company, if there is one, as an "additional insured".

It is important to be sure that all of the information listed on the declarations page is correct.

Your Insurance Company
3535 Second Street
Company Town, USA 54321

Policy number XX-XXXXXX-XX
Policy period: 6 months
Effective date: January 1, 2015
Expiration date: July 1, 2015

Homeowners Insurance Policy <SAMPLE>

Named Insured	Address	Mortgagee	Address
John E. Doe	123 E. Main Street Insured Town, USA 12345	Bank of USA	1212 First Street Company Town, USA 54321

XYZ Insurance Company considers your claims history when determining whether to cancel or to non-renew your insurance policy.

Coverages & property	Liability limits	Inflation coverage index
SECTION I		XXX.X
A Dwelling	\$250,000	Deductibles All peril \$2,000
B Dwelling extension (garage)	\$25,000	
C Personal property	\$125,000	
D Loss of use	Actual loss sustained	
SECTION II		In case of loss under this policy, the deductible will be applied per occurrence and will be deducted from the amount of loss. Other deductibles may apply – refer to your policy.
L Personal liability (each occurrence)	\$300,000	Policy premium \$1,000
Damage to property of others	\$1,000	Discounts applied
M Medical payments to others (each person)	\$2,000	Home/Auto
		Home protection (burglar and fire alarms, smoke detectors)
		Claim record/Customer longevity

Loss of settlement provisions (see policy)
A1: Replacement cost – Similar construction
B1: Limited replacement cost – Coverage B

Forms, options and endorsements	
Replacement cost coverage	xx-xxxx
Mold, fungus, wet rot, dry rot or bacteria	xx-xxxx
Ordinance or law coverage:	
10% of Coverage A	xx-xxxx
Earthquake excl. masonry veneer	xx-xxxx
Sewer, water backup coverage:	
\$10,000/\$500 deductible	xx-xxxx
Increase dwelling, up to \$50,000	Option XX
Jewelry and furs, \$5,000 each	Option YY

Your policy consists of this page, any endorsements and the policy form. Keep together.

Understanding Your Declarations Page

Coverage listed on your Declaration Page:

- ✓ Coverage A – Dwelling. This amount is the estimated cost to rebuild your home if it is considered to be a total loss caused by a covered peril or cause of loss.
- ✓ Coverage B – Other Structures, which generally provides coverage for structures that are not a part of the house such as a stand-alone garage, shed, fence, etc.
- ✓ Coverage C – Personal Property, which generally provides coverage for loss or damage due to a covered peril to personal property, such as clothing and furniture

Understanding Your Declarations Page

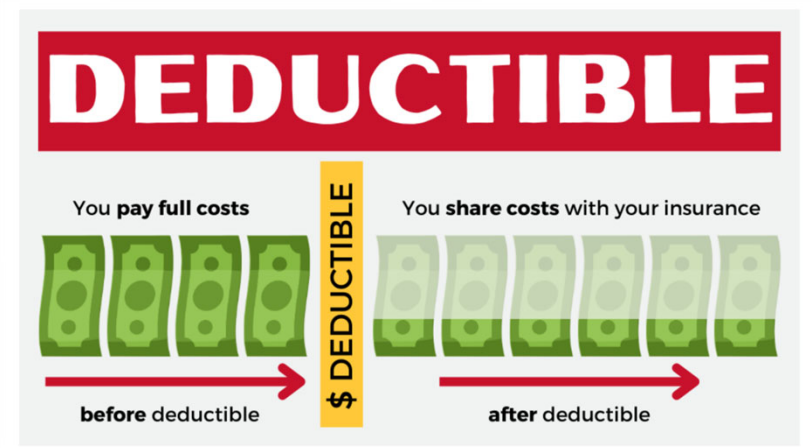
The amounts of each of these coverages will usually be based upon a percentage of that Coverage A. You will need to read the policy forms though to understand what is and what is not covered under each type of coverage for your policy.



Understanding Your Declarations Page

The declaration page will also indicate the policy deductible(s). There are three different types of deductibles.

- The first type is a **flat, all peril deductible**. This will be a set amount that you, the policyholder, will pay out of pocket before there is any payment under your policy. This amount is a set dollar amount, such as \$1,000, \$2,000, etc.



Understanding Your Declarations Page

- The second type is a **percentage deductible**. This is a percentage of the amount of your dwelling coverage (the Coverage A policy limits shown on the dec page), not a percentage of the claim. For example, if the Coverage A policy limits amount is \$200,000 and the deductible is 5%, the deductible would be \$10,000.
- The third type of deductible is a **combination** of the first two. Some policies have a percentage deductible for a specific cause of loss, like damage caused by a wind storm, and a flat deductible for all other covered perils like a fire.

Understanding Your Declarations Page

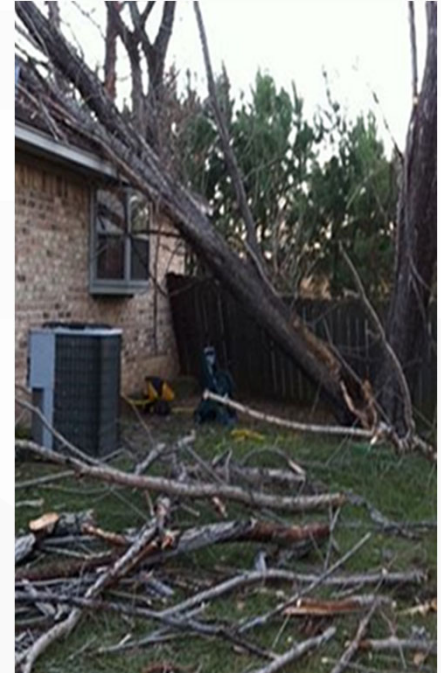
- The dec page will list any endorsements, like water/sewer backup coverage, ordinance and law coverage, mold coverage and replacement cost coverage that may be included in the policy. The amount of the coverage limits will be listed as well. But to understand the terms of coverage for these additional protections, and any others listed on the dec page, you would need to read the forms and endorsement(s) provided with your policy.



What are the basic parts of a homeowners insurance policy?

- **Debris Removal** — This part of your policy generally pays to remove debris of damaged property following a covered loss. Your policy may also pay to remove fallen trees that cause damage to your covered property.

It is important to remember that even if the loss, damage or injury is covered by your policy, your policy will only pay up to the policy limits you purchased.



What coverage options do I need?

- Coverage for certain types of personal property may be capped at lower limits. If you keep things that are particularly susceptible to loss like cash, securities, jewelry, furs, manuscripts, and stamp or coin collections, to name a few, in your home, you may need to increase the included limits at additional cost.
- Additional amounts of insurance can be purchased separately. Ask your insurer or insurance producer for information about scheduling valuable items separately and the cost of the additional coverage.



What coverage options do I need?

Know the difference between ACV and RCV

Actual Cash Value (ACV) is the cost to replace the damaged property with “like kind or quality” minus depreciation for age and use.

Replacement Cost Value (RCV) is the cost to replace the damaged property with “like kind or quality,” at full cost without depreciation, less the amount of your deductible.

- **It’s important to remember you may not receive the full replacement cost until you actually repair or replace the damaged property.**

What coverage options do I need?

Additional Coverages – Water/Sewer Backup Coverage

- Water that backs up through sewers or drains when this backup is not due to the negligence of the insured is typically not covered under a standard homeowners policy, but you can purchase water/sewer backup coverage. **This coverage protects your home when water overflows a sump pump or sewage enters your home through pipes designed to carry it away.** Most insurers offer several different coverage limit options.



What coverage options do I need?

Additional Coverages – Ordinance or Law Coverage

- Be familiar with your local building codes.
- If your home is damaged during a disaster, you may be required to perform expensive upgrades to your property to comply with your county's current building codes.
- Ask your insurance producer if the insurer offers building ordinance or law coverage.

What factors affect the cost of my homeowners insurance policy?

Prior Claims – Some insurers may review not only your loss history, but the loss history of the property when making a decision on whether to insure you.

Some factors they may use to quote premiums using prior claims are:

- **Date(s) of prior claims**
- **Nature of Claim**
- **Amount paid by insurer for claim(s)**



What factors affect the cost of my homeowners insurance policy?

Some factors that may affect your premium include:

- Construction type of home (frame, brick, modular, etc.)
- Age of home and home's systems (electrical, plumbing, HVAC, roof, etc.)
- Access to & quality of local fire protection
- Discounts (ex., installing deadbolt locks or alarm, and having multiple policies)



What factors affect the cost of my homeowners insurance policy?

Deductibles

- You may have many options when choosing a deductible. If you choose a policy with a \$500 deductible – there must be \$500 of covered damage to your home or personal property for each claim before you are entitled to collect any money from your insurer. Your insurer will deduct \$500 from the total amount of covered damage.
- Higher deductibles reduce your premium. Choose a deductible that you will be able to afford to pay out of pocket if you have a claim.
- You can ask your insurer or insurance producer how much your premium will be reduced by increasing the amount of your deductible.

What factors affect the cost of my homeowners insurance policy?

Deductibles (continued)

- Some homeowners policies contain special percentage deductibles for losses caused by specific perils such as wind, hurricanes or other storms. The insurer may automatically include these deductibles or make these deductibles available at the option of the policyholder. Always ask your insurer or insurance producer if your policy has a flat deductible or a percentage deductible. Percentage deductibles are based on your dwelling coverage limit, not the amount of your loss.

Example: If your dwelling is insured for \$100,000, and your policy has a 2% deductible for certain perils, your deductible would be \$2,000.

Policy Limits

Do you have enough insurance coverage?

- Most insurers require that your dwelling coverage limit is equal to at least a certain percentage of the value of the replacement cost of your home (typically 80%, with the exception of the Modified Named Perils (HO-8) form.
- Additional information regarding insuring your home to value, as well as links to dwelling replacement cost estimators can be found on the MIA's website at:
<https://insurance.maryland.gov/Consumer/Pages/HomeownerReconstructionCostEstimators.aspx>.

What types of losses are NOT covered?

Most homeowners insurance policies exclude the following types of losses:

- ✓ Mudslide
- ✓ Earth Movement
- ✓ Groundwater or seepage
- ✓ Flood



Flood insurance may be available as an endorsement to your homeowners, renters, or condominium insurance policy, or as a separate policy. While some insurers offer flood policies, flood insurance can also be purchased from the National Flood Insurance Program (NFIP). For more information, contact your insurer, insurance producer, or go to the NFIP's website, www.floodsmart.gov.

Summary: Tips

- Make sure your dwelling policy limits are at least 80% of the replacement cost of your home or more if required by your insurance policy.
- Know the difference between ACV and RCV.
- Ask if you should list and separately insure valuable items of personal property on a personal property schedule.



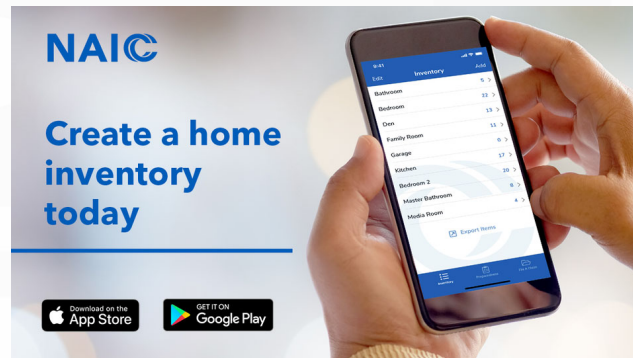
Summary: Tips

- Ask about additional coverages like water/sewer backup and ordinance or law coverage.
- Choose the best deductible for you and understand the difference between flat and percentage deductibles.
- Look for language in your policy about vacant or unoccupied property. Some policies have language that may prevent receiving payment for a claim if the property is left vacant or unoccupied.
- Read your policy for clauses such as an “anti-concurrent causation” clause. Damages incurred by a combination of covered and non-covered perils are typically not covered.

helpful
tips

Be Prepared

- Create an inventory of all your possessions and keep it updated. The NAIC's checklist is available at: https://www.naic.org/documents/index_disaster_section_inventory_checklist.pdf or use the Home Inventory App: <https://content.naic.org/consumer/home-inventory>
- Photograph and/or video each room and the exterior of your home.
- Safeguard your records – insurance policies, inventory list.
- Keep handy your insurance producer's name, telephone number, and your policy number(s).
- Know how to shut off the gas, electricity and water. Be prepared to board up vulnerable places around the house.



Publications Available on MIA's Website

Check out the following publications for more information

Consumer Guide to Homeowners Insurance

www.insurance.maryland.gov/Consumer/Documents/publications/homeownersinsguide.pdf

Tips on Shopping for Homeowners Insurance

www.insurance.maryland.gov/Consumer/Documents/publications/homeownersshoppingtips.pdf

Shopping for Homeowners Insurance Company/Policy Comparison Worksheet

www.insurance.maryland.gov/Consumer/Documents/publications/hoshoppingworksheet.pdf

Understanding your Homeowners Declarations Page

www.insurance.maryland.gov/Consumer/Documents/publications/understandinghodeclarationspage.pdf

Homeowners & Renters Insurance a Comparison Guide to Rates

www.insurance.maryland.gov/Consumer/Documents/publications/HORateGuide2020.pdf

Insurance Preparedness for Natural Disasters Page

www.insurance.maryland.gov/Consumer/Pages/InsurancePreparednessNaturalDisasters.aspx




Contact Information

Maryland Insurance Administration

 1-800-492-6116 or 410-468-2000


 www.insurance.maryland.gov

National Flood Insurance Program

 877-336-2627

 www.floodsmart.gov

Maryland Home Improvement Commission


 1-888-218-5925 or 410-230-6169

 www.dllr.state.md.us/license/mhic/



Contact Information

Maryland Insurance Administration

 **800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)**

 [insurance.maryland.gov](https://www.insurance.maryland.gov)

 [MDInsuranceAdmin](https://www.facebook.com/MDInsuranceAdmin)

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Questions

