**Fin 361 – Spring 2020** **Due Date:**Friday, April 10, 2020

**Student Name/ID:**XXX/XXXXXXXXXX

Personal Auto (PAP) and Homeowners (HO) Insurance Project (20 points)

The primary purpose of the project is to familiarize students with the PAP/HO coverage and procurement process. A secondary objective is to apply the PAP coverage to hypothetical situations provided by the instructor. You may do the project independently or with no more than three group members. If you currently have PAP and HO coverage or want to review your parents, those coverages would be acceptable for project completion.

**PAP**

1. **Describe the insured auto.**

It is a Volkswagen CC 2013 (Sedan) Financed

1. **Describe relevant characteristics of the primary driver.**

A 24 years old male, recent grad from Iowa State University with a full time job. Currently lives in Ames, Iowa and has to drive 40 minutes every day to get to his job in Des Moines, Iowa. He is risk adverse and learned how to drive when he was 16 years old, he has been continuously driving since then. He has only been involved into one minor car accident where the deductible was enough to cover the damages.

1. **Discuss the reasons why you have procured the PAP from the insurance company and agent used in this project.**

Company: Progressive

The main reasons that made the insured choose this insurance company was the type of coverage being offered and the price relation with it.

Progressive Corporation is an American insurance company and it is one of the largest providers of car insurance in America. It has over 18 million of customers and it offers 24/7/365 customer support. The company besides being best known for its car insurance, it also insures and bundles 30+ products such as: motorcycles, boats, RVs, and commercial vehicles, as well as home insurance through selected companies. Progressive offers customized coverages within a wide range of insurance products meant to meet its customers’ needs. More detailed information about the company´s core values and history can be found on <https://www.progressive.com/home/home/>

Progressive is a stock insurance company. Its headquarters are located in Cleveland, OH. It also has office locations at Austin, Phoenix, Colorado Springs, Tampa, and Sacramento.The company has 20.4 millions of policies in force, in 2017 it achieved the 3rd position for market share in $220+ billion U.S. personal auto insurance market, and in 2018 it reached 23.8% return on average equity. The company has been increasing its recognition every year, winning awards & recognitions every year allowing it to compete against the best companies in the workforce. The company ease the shopping online for bundled auto and homeowners policies by being the first company integrating HomeQuote Explorer platform. The virtual assistance it offers on Google Home is considered very efficient.

Reputation based on online reviews🡪 Customer satisfaction ratings are average for auto insurance; Relative to its size, progressive auto insurance gets fewer complaints to state regulators compared to its competitors; Offers a variety of helpful tools and apps for tech-savvy consumers.

(See appendix at the end of the document for a screenshot of J.D. Power ratings chart)

1. **Describe the PAP coverage selected, amounts of coverage, premium(s), and rational behind your choices.**

Rationale: Owner is risk adverse, he wants to make sure that in case there is a loss he is has a financial back-up.

**Declarations page**

 **Auto Policy:** #923366905

 **Loyalty Rewards:** Gold Membership

 **Insured:**XXX

**Location:** Ames, Iowa

**Policy Period:** 01/28/2020 to 07/28/2020

**General Insuring Agreement**

 Finance agreement coverage required. Personal selection for more protection.

**Coverages**

**Bodily Injury & Property Damage Liability:** $20,000 each person/$40,000 each accident/$15,000 each accident

 **Uninsured Motorist:** $20,000 each person/$40,000 each accident

 **Underinsured Motorist:** $20,000 each person/$40,000 each accident

 **Medical Payments:** No coverage

 **Comprehensive:** $1,000 deductible

 **Collision:** $1,000 deductible

 **Rental Reimbursement:**No coverage

 **Roadside Assistance:**No coverage

 **Custom Parts and/or Equipment Value:**$0.00

 **Loan/Lease Payoff:**No coverage

**Premiums**

$200

**HO**

1. **Describe the insured residence.**

Single family owner occupied dwelling. Located in Ames, Iowa

1. **Discuss the reasons why you have procured the HO from the insurance company and agent used in this project. (If you bundled with the PAP and used the same insurer, skip this question)**

Company: American Family

AmFam is an American private mutual company that focuses on property, casualty, and auto insurance. It also offers commercial insurance, life, health, and homeowners coverage as well as investment and retirement-planning products through its exclusive independent contractor agents. Its vision is to be the most trusted and valued customer-driven insurance company.

Its headquarters are located in Madison, Wisconsin. It is available in 19 states of the US and the majority of its facilities are within the Mid-West region. It is ranked No.306 on the Fortune 500 list. Based on written premium, AmFam Insurance group is the nation´s 13th largest property-casualty insurance group, 8th largest homeowners insurance company and 9th largest private passenger insurer. American Family is comprised of 14 companies and all of them can be found under the company website [www.amfam.com](http://www.amfam.com)

Reputation based on online reviews🡪 American Family Insurance is considered a mid-level insurance company for those looking to cover home and auto or get comprehensive coverage for less than some of the major brands. Considered to offer several years of good customer service. Some pros are that it offers availability on local and personalized customer service, it offers different payment methods as well as annual, semi-annual or monthly payment options. On the other hand, a big con encountered is that claims processing times may vary.

(See appendix at the end of the document for a screenshot of J.D. Power ratings chart)

1. **Describe the HO coverage selected, amounts of coverage, premium(s), and rational behind your choices.**

Rationale: Ownersare risk averse, they want to make sure that in case there is a loss they have the backing of a solvent financial company.

**Homeowners´ Policy Jacket**

Homeowners special form HO -- 3

**Declarations page**

Location: Ames, Iowa; Insured: XXX

Conditions Applicable to Both Sections I and II

**Section II**

***Coverage E – Personal Liability***

$250,000

***Coverage F – Medical Payments***

 $500,000 per injured person.

***Exclusions***

Standard form, no special form.

***Additional Coverages***

 $2,000,000 umbrella liability policy, $110 per person insured.

***Conditions***

 Premium for HO policy $1,150 approx. on an annual basis.

**Section I**

***Coverage A – Dwelling***

 $300,000 on replacement costs basis. Replacement costs on personal property as well*.*

***Coverage B – Other Structures***

 10% of Coverage A = $30,000

***Coverage C – Personal Property***

 50% of Coverage A = $150,000

***Coverage D – Loss of Use***

 10% Loss of use of Coverage A = $30,000

**Deductible**

 $1,000 for all Section I coverage.

***Additional Coverages***

***Perils Insured Against***

Open perils for Coverage A & B; Named perils on Coverage C.

***Exclusions***

1 endorsement for failure of sump pump.

***Conditions***

**Appendix:**

