Recording - Protecting Your Home What HCAs Need to Know About Insurance

Good afternoon, everyone. And welcome to today's webinar, "Protecting Your Home: What Housing Counselors Need to Know About Insurance". My name is Kalisha Jackson, and I am a senior housing specialist at ICF and a former HUD certified housing counselor working for Home of Virginia, which is a local housing counseling agency. We are so glad you could join us virtually, as we discuss the challenges and strategies homeowners and renters face when securing insurance to protect their homes.

Before we continue, let's cover a few Zoom logistics to ensure a smooth experience. Participants, you are in listening mode only. If you experience any technical difficulties, please submit a message through the chatbox directed to the Zoom host. The chatbox icon resembles a small speech bubble located at the bottom of the Zoom window on the toolbar labeled chat.

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Now, that we have covered logistics, let's review today's agenda and key topics that we'll be discussing today. First is insurance pricing and how it affects your clients, available resilience resources to help protect homes from risk, and proactive strategies for securing insurance coverage and overcoming common challenges. Before we move into today's presentation, it's my pleasure to introduce Elayne B. Weiss, deputy assistant secretary for policy development for HUD'S Office of Policy Development and Research, as well as Jerrold Mayer, director of HUD's Office of Outreach and Capacity Building. Both will provide a welcome to today's conversation. Elayne!

Thank you so much for that warm introduction, Kalisha. Good afternoon, everyone. And thank you for joining this training to learn more about property insurance and how you can help your clients navigate the increasing challenges in obtaining affordable coverage. As Kalisha mentioned, my name is Elayne Weiss, and I'm the deputy assistant secretary for policy development at HUD, where I've been leading up the department's work on property insurance issues.

HUD is deeply concerned with the challenges families are now facing due to increasing insurance costs, or the lack of available insurance coverage. This is particularly challenging for families that are low to moderate income that now find themselves struggling to cover their monthly housing costs. Addressing this issue is a top priority for HUD. And while we have limited levers that we can pull, we are working hard to find policy solutions across the department.

That is why we are having this training today. So we're excited to share information with you to assist your efforts in helping clients struggling with finding or maintaining insurance coverage. I will now turn it over to Jerry Mayer from the Office of Housing Counseling to give some opening remarks. Thank you.

Well, thank you, Elayne. And thank you, especially, to our expert panel. They represent a wealth of insurance knowledge and experience that will benefit all of us today. Most of all, I want to thank the HUD certified housing counselors that are joining us. Housing counselors help clients understand the importance of obtaining and maintaining insurance for their homes, be it homeownership or rental.

The topic of insurance is a basic component of education and counseling. And learning about insurance issues is especially critical for counselors serving clients facing potential disasters, or for clients living in states where insurance is difficult to obtain. I know our panel is eager to get underway. And I'm sure this audience will have lots of great questions for them. So without further ado, I'll turn the mic back over to Kalisha, and she'll take us through today's presentation.

Thank you, Elayne and Jerrold, for such a warm welcome. We are honored to have with us, four distinguished speakers today. First, we have Susan West, vice-president at ICF, who brings a wealth of experience in risk management and insurance strategies.

We have Nancy Sylvester, a vice-president at Arthur J. Gallagher, an insurance broker, an expert in property and casualty insurance with decades of experience. We also have Kelita Pete, executive director in HUD, certified housing counselor at Family Resources of New Orleans. And we have Caroline Johnson, HUD certified housing counselor and homeownership manager at Neighborhood Housing Services of the Inland Empire in California.

Now, let's start this conversation with a couple of polling questions using Mentimeter. You will find the Mentimeter link along with the access code located in the chatbox, which is located at the bottom of the Zoom window on the toolbar labeled chat. Please go to Mentimeter at this time.

Now, the first polling question within Mentimeter is, how familiar are you with client insurance challenges? Are you very familiar, somewhat familiar, or not familiar at all? I will allow a couple of seconds for the answers. So it definitely looks like a lot of you are somewhat familiar. With their hopes that you get a lot from this presentation where you can really familiarize yourself and be prepared when having these sometimes complex and difficult conversations with clients. So we're looking at somewhere between 110 that are somewhat familiar, which is extremely high compared to very familiar and not familiar at all.

Well, the next question or the final question that we have for Mentimeter is, have you encountered clients, who have struggled to obtain affordable insurance? I will allow a couple of seconds for your answers to come in. So clearly, it definitely looks like it's a little even across the board between occasionally and, yes, frequently polling a little higher. So it appears that we're all facing these challenges with clients that we're servicing about having some issues with finding affordable insurance, or just challenges finding insurance in general.

So again, the point of this webinar today is to help you become prepared and be proactive with having those conversations with your clients. Thank you guys so much for participating in the Mentimeter. I'm going to go back to the main presentation. Now, my colleague, Susan West, VP at ICF, who brings a wealth of experience in risk management and insurance strategies, will provide an overview of the insurance industry and challenges. Susan.

Thank you, Kalisha. And good afternoon, everyone. The focus of the next few minutes will be to discuss more broadly the insurance industry and what factors impact the insurance market and, ultimately, those insurance costs for your clients. From a broad overview, insurance premiums have skyrocketed over the past six years, with some states seeing a 50% increase, which is astronomical.

On average, though, homeowner premiums have increased from 2022 to 2023 by 11%. When you add this increase to other costs for necessities, groceries, gas, people are forced to make some difficult choices, including selling their loved homes and moving to areas where costs are more affordable, or they are forgoing the purchase of needed insurance. So what's driving these rising insurance costs? Natural disasters are a primary driver as insurance premiums-- for higher insurance premiums, but so is inflation. An increase in cost of goods and services goes hand in hand with that rising inflation.

Well, how about location? So building homes, and I'm sure you on the call know this, that building homes in certain parts of the US cost more as the construction cost and codes and standards are more stringent in certain regions. So, for example, building to hurricane or earthquake standards will cost more. And the values of these homes per square footage is typically higher.

If you compare California, the average cost per square foot in California is $500 to $800 per square foot. And when you look at the state of Kentucky, you're looking at maybe $80 to $140 per square foot per square foot. So that's significantly different.

Also, you've been provided with a risk index map, which I think is critical for you to take a look at that will provide various hazards by state and address the social impacts in each state. So take a look at the national risk index map that was previously shared. There are also a few other resources which you might find helpful, which is bankrate.com and insurance.com.

So now, let's take a look at the type of insurance to consider when meeting with your clients, who want to either purchase a home versus those who may want to rent a home. An important rule of thumb is for a homeowner, coverage is needed for that structure for the home itself, for its contents, as well as general liability in case of an injury to a guest. For a renter, coverage is needed for contents and general liability. The building should be covered by the homeowner.

I want to talk just briefly about condominiums. So if you own a condominium, or if your client is looking to purchase a condominium, you need special coverage that is designed to fill the gaps of the condominiums' association's master policy, which provides some coverage for that condominium. Some master association policies require you to cover the fixtures and the appliances. So always taking a look at that master association policy in terms of what is covered is critical. There is a special condo insurance form referred to as an HO6. So that's the form that a condominium owner would want to look for.

The recent events of hurricanes Helene and Milton have captured the attention of the nation for sure. Flooding was catastrophic and, in many instances, impacted families not in a designated flood zone. I know from personal experience that flooding has no boundaries and can occur in areas that are not known to flood.

Often, people use the term "flooding" to determine situations where the water comes into their home from a gap in the roof, or rainwater fills their home. And in fact, that's really not what flood is. That's actually considered a wind loss. So it's important for your clients to understand the distinction between wind coverage and flood coverage. Flooding actually occurs when the ground outside the home becomes so saturated that water seeps into the home and rises up, flooding the interior, as opposed to water coming in from above and flooding the interior.

For insurance to be considered, the homeowner or the renter would need to carry flood insurance. There are flood zones where flooding is considered to be more prevalent. And those zones start with the letters A or V. Flood insurance through the National Flood Insurance Program is offered to communities, which participate in what is known as the community rating system.

If a community doesn't participate in that community rating system, the residents will need to explore other ways to purchase flood insurance. Recent data indicates that there are six states that do not readily participate in the community rating system, where your clients would need to look for other alternative sources. Those states are Arkansas, Colorado, Michigan, Minnesota, Montana, and Ohio.

I do want to discuss the difference between mudflow and mudslides. With hurricane Milton, you heard-- hurricane Helene, excuse me, you heard greatly about the impact of mudslides, as opposed to mudflows. Well, mudflow is covered under a flood policy through the National Flood Insurance Program, as it is a liquid mud that saturates the ground. Whereas mudslides are typically debris or rock and water that travel down a slope. And insurance coverage specific to mudslides would need to be added by endorsement to a homeowner's policy. So depending upon the region that your client is looking for a home would determine whether or not they would need coverage for mudslides or flood insurance coverage.

With rising insurance premiums, state insurance departments are continually monitoring and addressing regulations to ensure that their citizens' have access to needed coverage. Their role is the regulation of insurance rates, promotion of competition, which should drive rates down, serve as the consumer's advocate, involve the legislature as needed, and educate consumers. Most states provide online resources through the Department of Insurance that can help consumers navigate the purchase of insurance.

Let me go back one second. Thanks, Kalisha. Although not directly noted on the slide, I wanted to just briefly discuss forced placed insurance and why it happens. Forced placed insurance, also known as lender placed or creditor placed insurance, is a type of insurance policy that a lender purchases on behalf of a borrower. This typically happens when the homeowner's own insurance policy lapses is canceled, or is deemed insufficient by the lender.

So here are some key points about forced placed insurance. It only protects the lender's financial interest, which is quite significant. It's often significantly more expensive than standard homeowner insurance. Coverage is typically limited to only covering the structure, not the homeowner contents. And by staying proactive and ensuring your client's insurance is always up to date, they can avoid the higher cost and the limited coverage associated with forced placed insurance. Now, I would like to introduce you to a leading insurance broker with Arthur J. Gallagher, Nancy Sylvester. Nancy leads Gallagher's public practice and has navigated numerous insurance crises to provide clients with needed insurance coverage.

Happy Halloween, everybody. Thank you for having me. How are you, Susan?

Good, thank you. And Nancy, with the rising cost of insurance, what are some factors that impact the cost of that insurance?

There are multiple factors. One is where the home is located. And that issue, if it is an issue, vary state to state. So I'm in Louisiana and I know I have some New Orleans friends here on the call. Louisiana is not a preferred state. And as you can imagine, neither is Florida.

Having said that, there are issues that impact every state, often by the type of peril, like Texas. Texas has hail issues. And there's a hail belt that runs through. So it varies in terms of the home's location by the state, by its closeness to a certain peril, like flood, for example, next to a river, and also by the location in a neighborhood.

Some neighborhoods have better crime records than other. All of those factors add up when people are looking to buy a home. You can rest assured, good or bad, that the carrier is looking at all those details when they're providing quotes.

The other is property and contents values. Back in the day-- and you can tell I have gray hair. So back in the day, insureds would tell the insurer or the carrier what they wanted their values to be. They can still do that for contents coverage. What's your contents? What do you want to insure for?

But on the actual building itself, lenders are weighing into that. Carriers are weighing into that. For the most part, carriers replacement cost policies. And they are forcing proper values. They do benchmarking. They look at it. So dependent on the actual value of the building, no matter what your client tells you.

Clients sometimes get real confused in my experience with the market value versus replacement value. Market value is what they're paying for the house. Replacement is if it burns to the ground, what will it cost to rebuild? Those are two different numbers completely. And so I think, probably, as counselors for your clients, I would guess that's a question you were pushed on. I would just suggest to you there's a big difference. And there's an easy explanation.

Deductible amounts-- some people want low deductibles, like $100, for example. I'm going to equate deductibles to your own personal health insurance. The days of $100 deductibles in your own personal health insurance are just gone. Insurance is no more for the small claims. Insurance is for claims that really cause a financial pain. So the deductible amount, the lower it is, the more difficult it is to obtain as pay for it, too. We'll talk about that in just a minute.

Owner claim history is another. Carriers will run reports. And they can see what kind of claims your clients have been filing. And let me just give you a tip about that. There are claims such as, I don't know, a hurricane, or an earthquake, or a tornado. If your owner-- if your client is having those kind of claims, those are explainable.

The claims that carriers hate, hate, hate, and charge more for, or walk away from are things they believe are preventable, like an internal Christmas tree setting on fire, somebody smoking in the house, setting it on fire, not wrapping their pipes properly, and the freeze causes a big break. Carriers are running away from those clients they believe don't take care of their property to prevent things. So it's an easy fix. Just be aware of that.

So if your client sits down on their issues or those perils that I'm going to say God brought, it's the bad weather, that's OK. Those are expected carriers expected. It's called attritional. It's the attritional losses they hate.

Credit scores-- they'll run a record to see where the client's credit score is. The better it is, the more comfortable the carrier feels quoting. Credit scores are a big deal. And I didn't know this till today. I looked it up because I was like, I wonder. Credit scores, apparently, you guys may already know this, are updated about once a month. So if somebody is talking with you and they start the process of looking at buying a house, it usually takes weeks, they have a minute to work on their credit score potentially. So just consider that.

Home features are another. If there's anything extraordinary about a house, the carrier is going to want to know that. They may charge more. And then policy types, just weigh in here. One thing to consider is if you've got a homeowners quote and it's including flood, my question would be, well, wait a minute, what if you got a quote for NFIP coverage for flood? And what would the savings be for your client to pull flood out of the homeowners? It's just math. Check that math. That's just one way to think about, is there another way to skin this cat?

Next slide, please, ma'am. And to lower cost increasing the deductible. In Louisiana, people have such high deductibles, in particular, for wind and flood. That's just how it is. But I've got clients all over the US.

If you want to lower a cost, your client should consider walking away from a small deductible. Even $500 is a small deductible. I know that when the loss happens, it's painful. But part of the deal is to do everything you can not to have a loss.

A quick way to save money is to increase your deductible. It can be a little painful, but hopefully if you have no losses, you've just saved money. And if you go two or three years without losses, that client saves money each and every year. So it works.

Home security is a big question all over our country, all over the globe, I think. People can improve their home security pretty inexpensively, changing deadbolt locks, doing those little cameras that are on the front door. And I realized this is being recorded. Some people will put up fake ones and it's just a deterrent. Now, your carrier will ask a question. Their carrier will ask a question. And they're going to really want to know if there's home security, it can drive down the premium. It's a good thing.

Credit score, we've talked about in terms of resiliency. And this is a little more complicated to me. Improving like a roof or the windows is expensive. If there's any opportunity, like they're buying the home and I don't know, the sellers agreed to replace the roof, for example, before they buy it, that's a great time to increase the wear and tear of that roof.

How long is the warranty of that roof? If you're in a wind area, can you add more fasteners to hold it down at the corners? That is actually a thing. And it's important to share that information, by the way, with the markets.

Consider too-- and you guys probably do this yourselves, you bundle policies. If you have your auto over here and your homeowner's over there and I don't know, maybe somebody's got a motorcycle, if you group all that together, you can see credits up to 20% It is not insignificant. They help. And you add all these things up together and you can save some money on that premium, which is a great thing. And year after year, you just keep moving forward.

In summary, continue there, please. Oh, maybe the in summary slide, the summary is-- oh no, there it is, OK. So in summary, the location, not only the state but also the neighborhood or even the street. For example, let's just say a crime rate is X for some neighborhood, but your client lives on a street and catty corner to them is a police department, or a fire station, things like that, carriers don't know that unless you tell them. It's important that if there are any, I'm going to say, secrets of what makes the house your client is looking at different than the average bear, if you will, it's imperative to share that information with the carrier. It makes a difference, I promise you.

It says here, assessed annually to ensure the best rate. I agree with that. I believe, though, if a carrier is paid a claim on behalf of the insured and they're immediately shopping, it could actually be detrimental. But if that is not the case, I believe in shopping the rate.

Not every agent is licensed with the same carriers as the agent down the street or across town. So who they represent differs. And their appetite differs. Which means the price they will offer and the terms they will offer differs.

You're going to hear shortly from the New Orleans crew. They will actually give a list of several agencies to their clients to call and shop and look at it. Which, that's a phenomenal idea, make it easy as possible. But I believe in shopping. it works.

And then the rest, we've talked about. There are some ways to change your policy, to change your premium, by just doing inexpensive little things and making sure the carriers are aware of that. So good luck to you guys.

Let me add one thing, Kalisha. And thank you, Nancy. That was really awesome information. But I want to talk just one brief second about credit scores. Initially, companies will run that credit score on you. But you really need to maybe ask the next renewal period to rerun it and see if it's improved for you to get a change in your premium.

That actually has happened to several people I know, but they had to ask for it. So be forthcoming in that regard with the person that you're dealing with as the agent. So thank you, Nancy. Back to you, Kalisha.

Thank you so much, Susan and Nancy, for providing such great insight into the key factors around pricing and coverage. I definitely want to take a look a little closer at how insurance markets are evolving and how, actually, housing counseling agencies and housing counselors are adapting to the changes. So with that being said, to help us unpack the topic, I'm joined by Kelita Pete from the Family Resources of New Orleans, also Caroline Johnson from Neighborhood Housing Services of the Inland Empire, located in California. Both are housing counseling experts from regions that have experienced these changes firsthand.

I know a lot of you guys in the audience, including myself, have probably have a lot of questions, especially directly related to how housing counselors are implementing these tips and tools that we were just given by Nancy, as well as Susan. So I do have a question for Kelita. I'm interested in knowing what kind of support are housing counselors like yourself are actually providing to clients when it comes to helping them find or secure affordable housing-- I'm sorry, affordable insurance?

Hey, how you doing, everyone? Well, with our clients, when they come into our homebuyers training classes, we definitely have an insurance agent that speaks to them in real time. So they have access to answer all those questions and gather the information that they need to know about purchasing insurance and what they need to look for, and what's the roles and responsibilities of the insurance agent, and what's the role and responsibility of the consumer, who's looking to purchase insurance for the home that they're trying to buy.

So we also provide our clients contact information for our insurance agents that speaks to our participants in class. And we also give them additional insurance agents, like Nancy was saying, shop around with different insurance agents so that you're not just going with the first quote. Because sometimes, the first quote may not be the best quote.

So we give them the opportunity to reach out to multiple insurance agents to get information as to, hey, who's going to offer me the best quote while I'm trying to become a homeowner? And we also have a list of insurance agents that are offering discounts that we provide to participants as well. So they'll have that information that they can use to shop for insurance.

Awesome. I really loved the idea of actually having a list ready for your clients, especially ones who are interested in obtaining insurance. And you guys actually have the list available for them to try to make that process a little easier and less daunting. Because we know calling around to multiple locations and multiple agents can be a little stressful, especially if a person is looking for affordability. So that's a great tip and idea. Caroline, I do have a question for you as well. How have recent challenges in the insurance market impacted the way you approach housing counseling? And what trends are you seeing in your area in California?

Wow, I'm glad to be here as well and be part of this conversation. I think California is being impacted in a unique way with all of the wildfires, and that is creating a mass exodus. And I think it's almost following suit with some of the things that are happening in New Orleans and Louisiana. But now, we're experiencing that here on the West coast. And cost of living is already high.

So with the cost of the homeowners insurance being increasing because providers are pulling out. They're currently leaving California. So when people are trying to bundle, let's say, they'll call their provider that they currently have a coverage with and they no longer cover homes in California because of this. So now, they have to shop around. So they may lose longevity points, make shopping around very difficult for them. Obviously, if they're submitting those homeowners insurance quotes as part of their loan estimates, their mortgage applications, It's creating difficulty there as well.

So with that mass exodus, refinancing numbers are high. So they're coming in and they're seeing extremely high rates. And I think, also, just what's happening as those providers are also leaving, we also see a change in the drone and the AI technology that's coming out, or the assistive technology that's coming out, where drones are coming out and creating risk for current homeowners. As providers are trying to leave, it's obviously giving them reasons to want to pull out for current homeowners as well. So it's kind of a jug-- a lot of things we're seeing as far as like challenges and trends, as these providers are leaving. And it's creating issues for the current homeowners, as well as people trying to obtain homeownership.

I think that's very interesting how you look at technology. We see it sometimes as something extremely positive. But to see it in a different way in relationship to insurance is very interesting and also challenging. So I can only imagine the complex conversations that you are having with clients to try to navigate those difficulties and barriers.

Kelita, I am interested in knowing from you, what are some specific strategies that you are using to help clients maximize their eligibility for insurance discounts, or secure more affordable coverage, especially in regions with fluctuating insurance markets? I know you told us about the list of insurance providers that are giving discounts. Are there any other tips or suggestions you're giving to your clients.

Well, we definitely have our home inspector speak on the significance of knowing the life of the roof. If you know the life of the roof, that can assist with making sure that you can get a reasonable insurance policy, instead of having a roof that's close to coming to the end of its life span. Then, of course, it's going to be harder for you to get a decent rate because insurance companies are going to be antsy about insuring a house that has a roof that's 25, 27, 30 years old if the life of the roof is only 30 years. So definitely finding out what's the age of that roof.

We definitely have our home inspector definitely speaks to that in our homebuyer training classes to let the clients know that you definitely need to know what's the age of the roof because that can assist with ensuring that you're getting an affordable insurance policy. Again, we also have the fortified roof program in the state of Louisiana. So we definitely give information on the fortified roof program, where they're offering grants to assist homeowners with fortifying their roofs.

That's amazing. Also, I think it's important for the audience to know that on the HUD Exchange, there is a new tool that's under built for the future called the funding navigator. It's actually an opportunity, where you can type in an address or a zip code to see what grants or different funding opportunities that can also assist clients with resilience measures, such as fortified roof programs. So definitely check that out if you're not aware of that to help with funding and to assist your clients. Thanks, Kelita, for that answer.

My final question is for Caroline. How have you encountered any challenges in explaining these changes to clients? And if so, how do you guide them through these complexities and challenging conversations? I'm sure the audience wants to know some tips on that.

So as we're hitting like the head of the mass exodus, I think that one of the things is really important about educating of the clients what to expect. So I as a-- also, I teach class as well as being a counselor, is one of the things that I do in the classes. I do bring that piece up and let people know, hey, this is something to expect. I think that education piece and giving them what's coming next is really important.

And then when we do have that counseling session with them, creating tools like Kelita presented-- a list of preferred homeowners that are-- homeowners insurance providers that are in the area that can help navigate that process for clients a little bit better, a checklist of what they should be shopping around for. So just creating some supportive tools with them. So that way, as the conversation develops-- because, unfortunately, it's the reality, we can't do much about it. But how can we navigate through it?

And if we can prepare them through that, as like I said, as we see and even educating them about, especially right now, like I said, for California, those landslide areas, those mudslide areas, and what happens after fires for them to know the regions that we live in and what that means for them, I think it's a really big thing. And here, NHSIE, we are developing our program to meet those needs by providing those lists as well, lists and checklists that would help them.

Awesome. Well, first I want to thank both Kelita, as well as Caroline for your real world examples and being able to provide us with some tips, as well as some resources and things to assist us as housing counselors to navigate these complex conversations. And now that we've explored the evolving market and strategies to address these challenges, I do want to introduce a new resource and tool for housing counseling agencies and housing counselors.

This tool is definitely designed to help you better support your clients and stay informed about industry changes and enhance your counseling services. This new resource is designed specifically for housing counselors and agencies. And it's called the homeowner and renter insurance coverage checklist.

This checklist is very practical. It's easy to use. And it helps you guide clients through the complex process of evaluating, as well as selecting appropriate insurance coverage for their homes or their rentals. Whether your clients are navigating insurance for the very first time, or if they are reevaluating their policies due to different market changes, this checklist will provide a structured way to ensure that they're considering all the essential factors in relationship to insurance.

Now, on this slide, you will find an image of a clipboard to the bottom right of the slide and the five key sections of the new checklist. So the homeowner, renters, and insurance coverage checklist is organized into key sections to cover all the critical aspects of insurance, such as assessing coverage needs, comparing insurance policies, understanding discounts and savings opportunities, exploring additional questions for insurance providers, and additional insurance resources to assist with navigating the checklist and client conversation. Just to let you know that this new homeowner and renter insurance coverage checklist can be found within the materials that were emailed to you previously to this webinar.

Now, at this time, as we end the presentation, I definitely would like to open the floor to any questions that you may have. Please feel free to use the Q&A feature to submit your questions. Again, the Q&A icon resembles two speech bubbles located at the bottom of the Zoom screen on the toolbar labeled Q&A.

I would like to bring all of our panelists back from today's webinar to definitely assist with answering questions. Also, my colleague, Shawna Moraille, will also be assisting us today with the Q&A. All righty, let's see here for the first question that we have.

Yeah, Kalisha, the first batch is in the questions box-- the chatbox, excuse me.

Thank you. Alrighty, so the first question that we have. We have a question about, can folks talk about the replacement cost versus market value? Again, that's going to be a question directed to Susan, as well as Nancy.

OK, so let me take the second part of that about the credit score, and I'm going to pass to Nancy on the replacement versus market. The credit score is a soft pull. And it's just a look inside. I did it this year for myself. My daughter did it. And both of us experienced some great joy from that moment. So I encourage you to do it. It's a very soft pull. It's a very easy ask. So I'll pass it to Nancy for the first part.

Susan, I'm laughing at your great joy comment. That was pretty fun there. Yeah, so look, so market value is the value-- is the cost of the house. So you have a house that maybe they built it-- and I'm just going to make this up, maybe they built it for $50,000. I realize that's low, but let's go with that. $50,000 home, they built it for $50,000. And they're selling it for $30,000.

Now, I get that's a goofy example because of the size of the numbers. The sale price is the market value. The cost it takes to rebuild the house from ground up should it burn to the ground, or tornado destroy it, or whatever it might be, it's always much different.

Square foot values differ neighborhood to neighborhood, state to state, across the country, anywhere from, I don't know, $150 a square foot to $300 a square foot, depending on where you are and what's going on. Replacement is the cost for a contractor to come in with hammers and nails and 2 by 4s and rebuild the whole thing.

Market value's the going rate. If it's an overpriced house because they want to make money on it, market value could be more than replacement value. If it's a house that's been for sale for a minute and they just want to get rid of it, they need to move to take care of a mother-in-law somewhere, for example, the market value could be well below the replacement value.

Carriers don't care about market value. Carriers only care about if this house is destroyed, what will it take to replace it? And most carriers will have benchmarks and have a real decent opinion of what the value should be. And the other folks will have an opinion or the lenders. They will be watching that and making sure you're insuring to the correct value for their loan as well.

Awesome. We have another question. Of course, it's probably directed to Susan and Nancy here. The question is, are there significant differences in service and/or price between insurance brokers and agents that work with only one company? What are the pros and cons of each?

Nancy--

[INTERPOSING VOICES]

Yeah.

There's a difference by definition. An insurance broker works for the client. An insurance agent works for the carrier. So State Farm is the only carrier, and the people in there are agents. I work for Gallagher. It's a broker. And we take care of the client. That's our boss is the client. And we have multiple markets to choose from.

And if I'm shopping, I'll do it. I'll tell you my way. If I'm shopping for my homeowner's insurance, I'm shopping at those standalone agents, State Farm, All State, Farm Bureau, whoever it is. This is not an advertisement. I'm also shopping internally with my brokerage people saying, OK, what you got? I shop both because brokers will not have access to those standalone agencies like State Farm. Brokers, though, will have access to all these others. It's important to look at both. And I know that's painful. And I'm sorry about that.

So Nancy, you are the person of the hour. I have another question for you. Is there a specific radius when disclosing a police department is close by the home?

There is nothing listed in that regard. I will say that if you can say there's a police department within a quarter to a half a mile, that's pretty good. The other thing that's important is fire hydrants. I know that just sounds so little. If there's a fire hydrant when you walk out your door and you can see it down the block, they need to know that. Estimating the number of feet to that fire hydrant is a big deal.

And the same for fire stations. You walk out your door and there's a fire department somewhere in the nearby radius, a quarter of a mile, half a mile, a mile, they want to know that. That's a big deal. That you get-- every little nip at the price you get is a tiny little credit. You get enough of those and you're doing good.

Awesome. One more question for you, Nancy, here would be, should the carrier inspect the house before insuring a homeowner? Because this specific individual says that, one of their clients did not have an inspection, and they're currently dealing with a denial based on wear and tear, and that the window damage occurred before the policy period.

Well, that's one loaded question. You have no idea. Carriers do not inspect the homes. That is up to the buyer to do. I hate paying for homeowner's inspections. But anyway, carriers will never pay for pre-existing damage ever. They pay for damage that's occurred. Hopefully, they pay for damage that's occurred on their watch, on their policy. And so if they walk into a house that has suffered big damage or relevant damage, I should say, that was caused initially by another event prior to them, they will exclude that.

So it's a partnership. They trust the homeowners to tell them what their house is. And conversely, a homeowners trust the CARES payable loss. It's a catch-22 a little bit there. But no, they will never inspect a house because it's just not how it works. There's not enough people to do that. They ask for pictures and they go from there.

Some, though, now-- somebody mentioned drones a minute ago. Some now are, or some carriers are putting drones on roofs to see if they're interested insuring a house based on what that drone tells them, but not all. It's every now and then.

Awesome. Thank you for answering those questions, Nancy.

Yes, ma'am.

I do have a question for Caroline. What steps do you take to prepare your counselors for providing guidance on insurance? And what educational resources or training do you incorporate for your housing counselors?

Well, what I'm doing now is, as I'm building that up and seeing the needs, is getting connected with local insurance providers and seeing if we can, like I said, get not just the list for the clients so that way, they know, but also to educate my counselors in-house in how they can speak on behalf of homeowners insurance because that's often a question we get in our education classes, because that is a segment in the education, and to be able to be versed in that. So I have actually-- being in the insurance background that I have, I have reached out to some of my networks in the insurance industry to bring them in and help educate my counselors on what is changing in the insurance market right now.

It's interesting. And Kelita, about your referral list, I do have a question about that. I'm sure a couple of people in the audience as well. Can you walk us through the process your organization used to create the insurance referral list? And what type of criteria do you guys consider when selecting the insurance providers? And how did you ensure that the list remains up-to-date and relevant for your clients? Because we know the world of insurance is always evolving and changing.

Well, we actually get the list from the insurance commissioners that has the list posted on their website. So we get the list from the insurance commissioners' website. So that way, we know it's current and it's going to be maintained and up-to-date.

And then also from our years of working with various insurance agents throughout the process of training, homebuyers training participants, we've amassed our own internal go-to people that we know are going to do what's best to assist the clients. Because I always like to remind the clients, hey, I'm not an insurance agent, so I don't want to tell you anything that I'm not knowledgeable about. And I want to speak on that if that's not my lane. So I want to stay in my lane, but I also want to make sure that I provide you with good contact information so that you can get the proper information and make the best decision on purchasing homeowners insurance.

So we definitely stay in contact with the previous. Because working with various people to come in and present, sometimes people come in, sometimes people leave, new people come in. So we have turnover. But we make sure we keep in contact with the people that we know we've worked with over a long period of time that are professionals in the industry and are going to do the best to assist the clients in getting the best insurance that they can get.

Thank you, Kelita. Nancy, I have another question for you. This individual says that they know that insurance scores are available now, but does the insurance company use those scores or consumer scores? And how can customers access their insurance score?

I've never seen an insurance score. I'm not sure what you're referring to with that. So that's interesting. Yeah, I've never seen it. It sounds like an Uber score. I do worry about mine. But having said that, I've never seen an insurance score. I'm not sure what you're referring to there.

I do have some good news real quick to share. And that is, I do a lot of business out of Lloyd's of London, and I happen to be here right now. The insurance market in 2025 will not be awful. Every year, it seems like it's a little worse, but Helene and Milton are not-- they're thinking it's not going to move the needle. Because when something happens in one part of the country, everybody pays for it. Next year, it looks like it's going to be OK. Not better than now, but not worse. So there's a bit of good news out there. I'm sorry I couldn't answer.

Yeah, I think the person before was talking about, for example, when you look at credit scores, there's different ratings or different types of [INAUDIBLE] credit scores. Like you have a car, certain credit score for a car when you go to get a car loan. You have a house, credit-- to get a home, there's a certain credit scoring model system that they use. I think they're curious to know if the insurance company is using a FICO score, or they're using just a total different model for the credit score.

I'm not sure, but I'll find out and get back to you.

Perhaps. OK, thank you.

Is that OK? I can do that easy, OK.

I do have a question, more like a myth or truth question. Definitely for probably Nancy, as well as Susan here. If a homeowner elects to get flood coverage that's not required, is it true that in the future, lenders are likely to require future owners after a sale to also have flood insurance?

That should be a myth because flood coverage is based upon where your home is located. I have flood coverage on my home, but I'm in an X zone, not required to have flood coverage. Any new owner that comes after me, unless the flood zone has changed, we'll be in the same X flood zone and will not be required. A lender cannot require insurance if you're in a non-flood zone. The

OK. The next question I have is, when you talk about maintaining a good credit score, does a bad score affect cost of insurance, and are they originally obtained-- or when they originally obtained it? So basically, I guess the question is about good credit scores and bad credit scores. And does it affect the cost of insurance?

Yes, it does. It does. And it also can affect discounts, too, just a small increase between one year to another year. If you reach out and ask for them to pull a soft pull on your credit, and it turns out that you have increased, you could see a couple hundred dollars come off of your insurance premiums. So given that it is a soft pull, I would ask. There's no harm.

Absolutely. I have one more question. And I think it's going to be for you, [INAUDIBLE], Susan. I know we talked a lot about homeowners as part of the overall webinar series here today. However, we have to remember that as housing counselors, we also assist renters. What should renters consider when looking for insurance for themselves compared to their landlord policies?

So a renter needs to be concerned, number one, with the same things that a homeowner would be concerned with-- the location of the home, is it in a good area, all those things that Nancy walked you through. But also, the renter is really only concerned about their belongings that are situated inside the four walls of their home. So they need the coverage for that because the homeowner is not going to take care of that. And they also need liability.

If they leave something on the stove and it burns down their apartment, as well as the neighboring apartment, that's a big deal. And obviously, they need liability insurance to protect them from that. So content coverage for their belongings. General liability coverage in case something goes wrong, or someone is injured on their property.

Just one detail to add to that. If what she's talking about is movable contents, if there are things attached to the wall, let's say it's a bookcase and it is bolted into the wall, that's included in building coverage. They should not be purchasing coverage on that if it's bolted into the wall. Now, if you can take that bookcase and move it everywhere, that's different. That's movable, and that's what they want to insure. So there's a distinction with that, yup.

Yeah, we always talk in the insurance industry, if you can turn the building upside down, whatever falls out of that building is contents. Whatever sticks is part of the building.

That is a great tip. I've never heard that one. We try and find humor somewhere.

[LAUGHTER]

So with that being said, I do want to proceed forward in the next couple of slides before the presentation is over for today. Want to provide some resources. So in the next two slides, you'll find a couple of different links of resources that is referring to the topic today of insurance.

On the resource slide, you will see resources for homeowner insurance coverage. You'll see the National Association of Insurance Commissioners glossary of insurance terms. The natural hazard map that Susan was highlighting earlier in the presentation, very great tool. Please take a look at it. Also, all of the bill for the future resources for energy efficiency, climate resilience, and future renewable energy are all great resources as well. And definitely don't forget the flood insurance resource. In addition to those resources, you will find on the next slide, resources for the HUD housing counseling program, the housing counseling, disaster resources, as well as housing counseling today, and housing counseling that's located on the HUD Exchange website.

Lastly, I would like to thank all of you for joining us today for this insightful session on "Protecting Your Home: What Housing Counselors Need to Know About Insurance" webinar. I would like to give a special thank you to all of our panelists today-- Elayne B. Weiss, Jerrold Mayer, Susan West, Nancy Sylvester, Kelita Pete, and Caroline Johnson for sharing their expertise and practical strategies. Thank you to the HUD Office of Housing Counseling for the collaboration and the execution of this webinar.

And we really hope that this session has provided you with valuable tools and knowledge to better support your clients in navigating insurance challenges. As a reminder, all of these materials and resources from today's webinar, including the presentation in the new home owner and renters insurance coverage checklist will be available on the HUD Exchange website. So again, thank you guys for your time and have a great rest of your day.