Jane Walstedt: And now let me turn the program over to Dolores Bischof, who works in the Women’s Bureau Regional Office in Dallas, Texas, to introduce our third speaker.

Dolores--

Dolores Bischof: Thank you, Jane.

Our next speaker, Gloria LeGrand, will speak about insurance, how to protect your investment.

Ms. LeGrand is the owner of a State Farm Insurance agency in Arlington, Texas. Her aspirations have always included doing something to help others.

By acting on this desire and building her clients’ trust, she has increased her business tenfold, from 300 clients in 1984 -- her first year in business -- to over 3,000.

Gloria serves others through her participation in community activities and professional organizations such as the Links, Jack & Jill of America, Alpha Kappa Alpha Sorority, and as a board member of the Forth Worth Metropolitan Black Chamber of Commerce.

She has received numerous awards, including the Distinguished African-American Alumni Award from the University of Texas at Arlington and Alpha Kappa Alpha’s Business Leader Excellence Award.
She was featured in an *Essence* magazine article, “Are You the Honey with the Money?” She has demonstrated that helping others can be financially, as well as emotionally, rewarding.

It’s my pleasure to present Gloria LeGrand, State Farm agency owner, honor agent in fire and auto, and a member of their Millionaire Club.

Gloria--

Gloria LeGrand: Thank you, Dolores. Can I get you to travel with me and do that? You do it so well.

Thank you so much. Good evening ladies and, as the other speakers have indicated and we’ve sat here and really soaked this in your home and your personal property will probably represent your most substantial investment in your life.

And I know I’m up in my life and it’s still my biggest investment.

So basically, therefore you really want to be sure that you’re adequately protected.

And let me say -- and reiterate this over and over again -- all homeowners’ policies are not created equally.

So here’s what I want you all to do -- please do your due diligence when you are looking at a homeowner’s policy. And in, you know, past times -- before credit and everything else became a major issue -- being able to get a homeowner’s policy was basically walking into
your agent’s office or, even before Internet was very popular, just buying a policy. “Hey, I'm closing on a house. I need a policy.”

Those days are over. This has become a process.

And the process now begins with loss history reports. And I know this has probably become a mortgage broker’s and a real estate agent’s worst nightmare, because you think you’re going in, you’re ready to close, and then you’re looking for the insurance, and something pops up.

Here’s what we look at when you call in for a homeowner’s policy. The first thing is probably 99% of all companies now use a loss reporting, a loss history reporting company.

So when you come in and you apply for an insurance policy or you call -- and I will suggest that this process begins immediately after your contract and you know, you think you’re sort of pre-approved and you’re going to go through with it.

Go into your agent’s office, call your agent, they are going to enter your name, Social Security number into a loss history program. That program will pop back first losses that you as an insured have had with another company.

Secondly, the address of the property is going to show all of the claims that have presented, been presented to the previous insurance company or any insurance company.

As -- I had a client call yesterday and say “I'm closing tomorrow.” He actually lucked out because when he came into the office, when we
input his loss history report, there was nothing that came back in his and his wife’s name.

However, there were six claims that came back on the home itself, and luckily, all of the claims showed closed or paid.

Now here’s where we run into some problems with these reports, and that’s why I say, “Start this process early.” If one of these water claims had come back open, we would have had a problem, because I can guarantee you no insurance company is going to buy another client’s claim if they know about it.

In years passed, we didn’t really know about it. Now, with Internet and everything that we have at our fingertips, we’re going to know about it.

From that process, had he been closing today, it would have been halted because he would have not been able to get an insurance policy until he was able to prove that, first of all, that water loss had been repaired or that that previous owner still had that check sitting there and they…. We would probably allow him 60 to 90 days to do that.

That’s why I also, you know, beg of you to please review your inspection reports. Because what happens is, had it been a water loss and say that water loss was $3,000 and it showed that they had paid $1,500. He would have had to have gone back and found that previous owner and worked something out, because all this information is now going to show.

So please start that process early.
The next thing that I really need to stress is the policy itself.

Now Texas has a pretty uniform policy, which we just developed in the last four years because before -- I don’t how many of you are from Texas, but Texas is just a little bit different ballgame when it comes to contracts and so forth; however, basically, now there should be, among major companies in the United States, two types of policies.

One is an HOA, which is a basic policy. One is an HOW or an HOB, which is your very broad coverage. To be adequately covered -- unless you are really banking and you want to self-insure -- I would definitely go with the HOB or HOW, and here’s just a few examples of the differences in the coverages.

And you can probably find this on your Department of Insurance Web site -- the differences.

And the first one is – [for] example, on the dwelling itself on the HOA policy, your basic policy, you’re going to have named perils. Water is normally not going to be named in those named perils.

On an HOB, HOW, water [damage] is usually automatically included. So that is a major situation when it comes up to damages to property.

The next thing is mold. Mold has just -- the word mold scares everybody; however, on an HOA policy, you are going to have very little or no mold coverage because water damage is not covered. So what is mold usually a result of? Water. Therefore, no mold coverage.
And if you buy a house that has existing mold where the client previously didn’t have mold coverage to repair that mold, you can get forget getting a policy with mold in existence.

Okay, mold as far as the HOW, HOB. We are not going to cover testing and remediation, but we will cover repairing, replacing that mold damage, which nine times out of ten, you don’t have any problems that linger after mold is, after the damage is repaired.

Another thing that’s really important on these types of policies is how are the claims settled. On an HOA, which is your basic coverage, [it] is usually actual cash value.

So in other words, you have a fire -- you’ve got an $80,000 house; you have a fire; the house burns down to the ground. In order to - say you’re in a very - I mean the market is way down, replacement cost is down, labor and materials is down, I mean we’re just going through a depressive time.

It may take only $40,000 to replace that house at that particular time or they may feel that’s all that house is worth. That’s all you’re going to get.

In an HOW or HOB --which is 100% replacement cost up to the policy limits and sometimes an additional 20% over, depending on certain coverages -- you’re going to get that full $80,000 plus at least another 20%, if you’re adequately covered.

So again, I say and I stress, all homeowners’ policies are not created equally.
I did an example, just a, you know, well, how much is this HOA and how much is this HOW or HOB, because you got a lot of differences in these coverages.

Let’s look at an HOA, and I just did a -- one of my clients has, and this is probably low compared to the East Coast -- you all need to move to Texas -- a really nice home, $262,300 probably 2700, 2800 square feet, who has an HOA policy, just a basic policy.

No water damage, no nothing. Annual premium: about $1,702. If she had had that same amount--$262,300--with an HOB, water damage, everything, that premium would have run about $2,012.

We’re talking a difference of $300 for so, so much more coverage.

So really I try to reiterate to my clients, “Start this process early and you know, you still make the final decision, but I’m just here as an advisor.”

And I guess, in summary, what I would really, really like to say is just purchasing homeowner’s insurance again is a process. It takes considerable time and understanding what you are purchasing.

And in case of a loss, think of how good it would feel for you to know kind of what you’re going to expect this coverage in that loss and not have the surprise of your life when your agent says, “Oh, water damage,” or maybe not your agent, but the 1-800 number person says, “Oh, you don’t have water damage [coverage]. What were you thinking?”
So just really do your due diligence and you know, again, do some homework yourself. Go to your Department of Insurance Web site. Compare. Call your agents -- that’s what they’re here for, that’s what you pay them for, is to help you understand what you’re buying.

So that is a very abbreviated summary of a very, very broad coverage that you should be looking at.

Thank you very much.

Jane Walstedt: Thank you so much, Gloria. I really appreciate your remarks. It was educational for me and it made me think about the victims of Hurricane Katrina.

Gloria LeGrand: Oh yeah. Yeah.

I tell you after Hurricane Katrina, everybody should be running in and saying, “Hey, what do I have?” You really should.

Jane Walstedt: Well, I’ve been reading about some of them that the insurance money they would get wouldn’t help them rebuild their house. It wouldn’t be enough to help them to rebuild their house.

Gloria LeGrand: Right. And a lot of that is because flood is a whole different policy, and that’s something else people need to know that they don’t know.

Jane Walstedt: Uh-huh.

Gloria LeGrand: Uh-huh. So flood damage is separate. [If] you’re in the flood zone, you’re going to know, and those people were in a flood zone.
And you know, it’s an optional coverage, especially if you don’t have a mortgage company. And a lot of those homes didn’t have a mortgage company.

So they let the flood policies go.

Jane Walstedt: Yeah. Okay well, thank you again, Gloria.