

Property



Crime



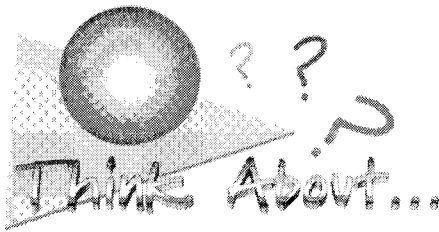
WORDS TO KNOW

property crime	perpetrator	depreciation
arceny	vandalism	credit debt
auto theft	embezzlement	deductible
forgery	burglary	shoplifting
extortion	arson	robbery

OBJECTIVES

As a result of this lesson you should be able to:

- define property crime
- explain the impact of property crime on victims
- understand the importance to the victim of holding the property offender accountable for his/her acts
- identify the impact of property crime on aged victims
- apply knowledge of insurance to property losses



Read the following true story and answer the questions.

Joe went to visit his friend in Los Angeles and parked his car outside on the street. Three hours later when Joe and his friend were finished talking he went out to go home. He could not go home because his car had been stolen.

The man who stole Joe's car needed money and planned to use the car to make a drug deal since his own car had broken down. He felt a little bad about it, but justified his decision by hoping that the owner had insurance and could get the car replaced.

Joe was very upset when he discovered that his car was gone and went back into the house to call the police. The police took a stolen car report over the phone and told Joe they would let him know if or when his car turned up.

1. How does Joe get home?

2. How does Joe get to work the next morning? the next?

3. How does Joe go to the store?

4. Do you think Joe will get his car back soon? Why?

Two weeks later, Joe gets a call from the police telling him that they have good news: the police in Seattle, Washington have located his car and it has been placed in storage. The bad news is that the car is not quite what it used to be. In fact, it is not anything like it used to be. It has been stripped and cannot be driven. The police tell him that he can call Big Mac's Towing and Garage in Seattle to find out how much money he owes for towing and storage. Joe calls Big Mac and finds out that in order to get his car out of storage he must go to Seattle and pay Big Mac a total of \$365 for towing and storage. Joe's insurance will reimburse him \$65 for towing but none for storage. To top it all, Joe got fired today because he could not find a ride to work for the fourth time, and he is broke. Joe also learns that the car will take about \$900 worth of work before he will be able to drive it again. The deductible on Joe's insurance is \$500.

1. What do you think Joe should do now?
2. Do you think that someone might lend Joe the money?
3. Should Joe just forget about his car and let Big Mac keep it?
4. Should Joe take the bus and look for a new job closer to home?
5. How do you think that Joe is going to support his wife and child?
6. Do you feel sorry for Joe and for what happened to him? Support your answer.

7. Can Joe find another job without having a car?

8. If Joe and his family are eligible for welfare or unemployment, is there a waiting period before they can get any money?

9. Following is about what it will cost for Joe to get his car back:

\$ 5.00 - phone charges to Seattle
80.00 - flight to Seattle
50.00 - motel room for two days
60.00 - food for two days
65.00 - car gas for return trip
55.00 - car insurance
<u>132.00</u> - car payment
\$ 447.00
+ 300.00 - for storage
<u>+ 500.00</u> - deductible

Should Joe try to get the money to get his car back or let the bank take it back?

How could he get the money?

Let's assume that Joe couldn't come up with the money **honestly** to go to Seattle and get his car. He owes the bank \$3,000 for the balance on the car. Joe can't pay anything, so the bank takes the car back and sells it for \$1,265 which covers the repair and storage fees. Joe still owes \$1,735 to the bank which he doesn't have. The bank will assume the loss and Joe will be refused credit for the next 5-7 years.

10. Has the fact that Joe has insurance lightened his burden?

11. What does the term "Domino Effect" mean?

12. Name some reactions Joe feels about the car theft.

TRUE/FALSE QUIZ

Place a "T" to the left of statements you believe to be primarily true and an "F" to the left of statements you believe to be primarily false.

1. _____ Property crime does not harm anyone because insurance will take care of everything.
2. _____ Property crime can cause emotional harm to its victims.
3. _____ Property crime sometimes becomes a violent crime.
4. _____ Stealing someone's welfare or social security check only harms the government.
5. _____ Stolen items are only of monetary value.
6. _____ Car theft is rarely if ever fully covered by insurance.

DEFINITIONS

The word “property” generally implies ownership ——— something owned by one or more people. Property includes both real and personal property. Real property refers to land and buildings. Personal property includes money, goods, automobiles; in other words, personal property is items that are “movable” .

Property crimes involve the illegal taking or destruction of another’s property without the use or threat of force against persons. **Auto theft, larceny, burglary, and forgery** are examples of the illegal taking of property. **Vandalism and arson** are crimes in which property is damaged or destroyed. **Shoplifting** is the taking of goods from a store without payment or intent to pay.

While property crimes do not generally involve the use or threat of force toward a person, violence sometimes erupts if the **perpetrator**, the individual committing the crime, is confronted by the victim during a theft attempt. Robbery is both a property crime and a violent crime. **Robbery** is unlawfully taking or trying to take another person’s property by force or by threatening force to the owner. It will be covered in a later chapter.

Stealing or taking the property of another are listed below as well as the exact language of the statutes in your state:

Auto theft (motor vehicle theft) involves the theft or attempted theft of a motor vehicle, including automobiles, trucks, buses, motorcycles, motor scooters, snowmobiles, etc. (FBI, 1994.)

Burglary is unlawful entry of a structure to commit a felony or theft. The use of force to gain entry is not required to classify an offense as burglary (FBI, 1994.)

Embezzlement is misappropriation or misapplication of money or property entrusted to one's care, custody, or control (FBI, 1994). Embezzlement offenses range from stockbrokers taking their clients' money to the store clerk who takes money from the cash drawer.

Forgery (and counterfeiting) is making, altering, uttering, or possessing, with intent to defraud, anything false in the semblance of that which is true. Attempts are included (FBI, 1994). Check and Access Card crimes often fall under this penal code section.

Extortion is obtaining property from another with consent, induced by a wrongful use of force or fear.

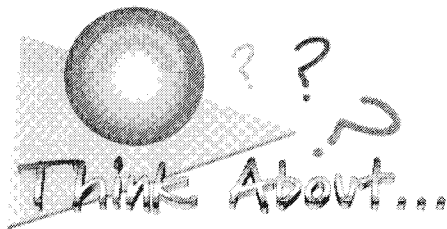
Receiving Stolen Property is buying or receiving property which has been stolen or which has been obtained in any manner constituting theft or extortion.

Larceny (theft) is unlawfully taking, carrying, leading, or riding away of property from the possession of another. Examples are thefts of bicycles or automobile accessories, shoplifting, pocket-picking, or the stealing of any property or article which is not taken by force and violence or by fraud. Attempted larcenies are included (FBI, 1994).

Acts Which Involve Destruction of Property:

Arson is any willful or malicious burning or attempt to burn, with or without intent to defraud, a dwelling house, public building, motor vehicle or aircraft, or personal property of another. (FBI, 1994).

Vandalism is the willful or malicious destruction, injury, disfigurement, or defacement of any public or private property, real or personal, without consent of the owner or persons having custody or control (FBI, 1994). The defacing of property with paint or any other liquid is often included in this offense.

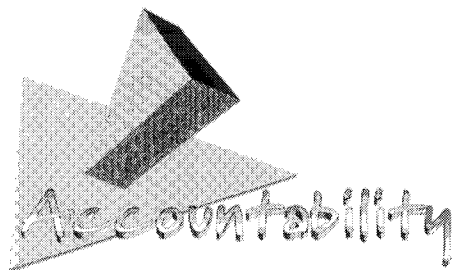


Read the following situations. Write the letter(s) of the crime(s) that have been committed beside each situation.

- | | | | | | |
|----|----------|----|--------------|----|---------------------------|
| a. | larceny | e. | auto theft | I. | extortion |
| b. | robbery | f. | vandalism | j. | receiving stolen property |
| c. | forgery | g. | arson | k. | not a property crime |
| d. | burglary | h. | embezzlement | l. | shoplifting |

1. _____ Several high school football players go to a rival school and spray paint "Vikings Rule" on the school gymnasium.
2. _____ Ed takes a check from his grandmother's checkbook, signs his grandmother's name, and cashes it.
3. _____ Michael sets a small fire under the fire sprinkler system in a school's janitor closet. He pulls the fire alarm on the way down the hallway.
4. _____ George uses a knife to persuade Don to give up his new tennis shoes.
5. _____ Sally borrows her neighbor's new car without asking permission.
6. _____ Dean is approached by a man who offers to sell him a brand new VCR worth \$350 for only \$75. The man has several identical VCRs.

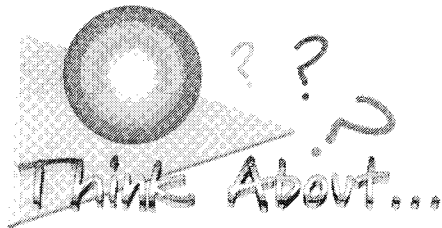
7. _____ Art drives his car onto a city soccer field. The field is wet and muddy. Art spins his car around in circles digging ruts in the field.
8. _____ William sets fire to his restaurant.
9. _____ Gloria leaves her purse on the school bus. She goes to lost and found at the school office and finds that no one has turned it in.
10. _____ Susan runs errands for elderly neighbors in the housing complex where she lives. Occasionally she does not return all the change when she goes shopping for them.
11. _____ A bank employee, using her computer, transfers a small portion of customer interest payments to her account.
12. _____ Joan failed her civics exam. She felt the test was unfair. To get back at the teacher, she went into the civics classroom turned over desks, smashed a computer screen, and ripped pages out of classroom books.



Property crime has a severe economic and emotional impact on its victims. Those who perceive material items as being easily replaced need to understand the limitations and difficulties in dealing with insurance policies and the difficulty of replacing many items.

Of even more impact is the emotional effect on victims of property crime. The sense of security and privacy one has in their home or vehicle is violated, and victims of property crime seldom regain the sense of security they once had. What start out as property crimes often escalate to violent crimes against persons. Victims of property crimes also must deal with the fear and anxiety involved in anticipating future crimes or even the possibility of violence.

Put yourself in the place of a property victim and imagine how you would feel if your home or vehicle had been entered or violated and your personal property taken from you. **No one has the right to commit a property crime against another human being, regardless of the circumstances.**

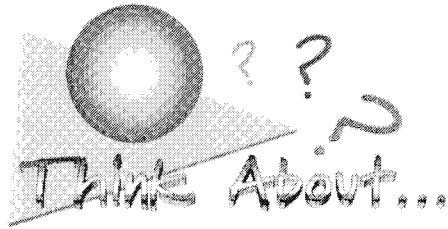


Remember a time when something important to you was stolen. Perhaps it was your billfold, a jam-box, a piece of clothing or jewelry, or even a car. Name the stolen article or property you are thinking of on the line: _____.

As you remember that theft, mark an "X" to the left of each reaction you had at the time or still have.

1. _____ A sense of violation that someone entered your private space.
2. _____ Fear of the burglar returning.
3. _____ Anger that someone would take something that you worked hard for or that was special to you.
4. _____ Frustration that your property can't be protected no matter what precautions you took.
5. _____ Sadness about the loss of irreplaceable items — things of sentimental value that were worth far more than just money.
6. _____ Disorientation — not being clear about what all was taken.
7. _____ Insurance frustration — that insurance did not cover the loss as you expected.
8. _____ Insecurity — wondering if you might be ripped off again.
9. _____ Suspicion about who could have done it.
10. _____ Self blame, saying to yourself, "If only I would have done this, or didn't do that."

RESIDENTIAL BURGLARY



Watch the video "The Impact of Property Crime on Victims Part 1: Residential Burglary" and then answer the following questions:

1. The Burglary Detective (Det. Rye), pointed out that both young people and adults are arrested for property crimes. What did he mention about adults involved in the crime?
2. What did he mention about young people involved in the crime?

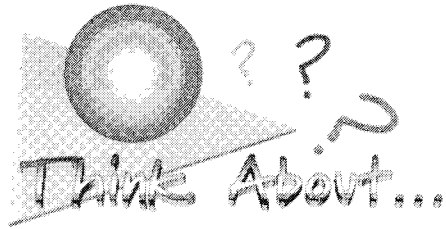
3. The young Hispanic mother talked about the way her family was impacted by the burglary of her home. How were the boys affected by the burglary?

4. Where did the burglar enter the house?

5. Do you think that the burglar thought about how the children in the home would be affected? Explain your answer.

6. What things were stolen?

7. They replaced only one thing besides the broken window. What was it?
8. Why was the loss of the camcorder difficult?
9. What does it mean when something has “sentimental value”?
10. Do you think the videotape had sentimental value? Why?
11. Name some things you own that have sentimental value.



Read the following case example and answer the questions.

You are attending a family wedding and you are asked to drive your grandparents home. You arrive home and help your grandparents into the house. When you open the front door, you see that the house has been broken into. Many of your grandparents' things have been thrown all around and some of their things have been stolen.

The thieves broke into the house by removing a sliding glass door from its track in your grandparents' bedroom. The thieves have left and there is no one in the house but you and your grandparents.

1. What are some reactions you will be having?

2. Name some reactions you think your grandparents will be feeling?

3. What is the first thing you will do?
4. Will you leave your grandparents in the house alone for the night? Defend your answer.
5. Do you think your grandparents will continue to be afraid?
6. What do you think they will be afraid of?
7. Do you think your grandparents will get their things back? Why?

You and your grandparents start to make a list of the things that were stolen:

- One color TV (13 inch)
- One stereo with speakers
- Power tools
- 12 gauge shotgun
- Money from cookie jar
- Watch
- Wedding ring that belonged to your great-great grandmother
- Family photograph in a gold-tone frame

The following items were destroyed:

- Set of crystal glasses smashed
- Pictures from the photo album thrown about the house
- Dresser drawers thrown all around the bedroom
- Cookie jar smashed

You and your grandparents decide to call the police and report that the house has been broken into. It takes the police 30 minutes to get to the house. When the police arrive, your grandparents are too upset to talk to them, so they ask you the following questions. **Mark an "X" to the left of each question you will know how to answer.**

1. _____ Do you have the receipts or serial numbers for the TV, stereo, or power tools?
2. _____ How much are they worth?
3. _____ How much money was taken from the cookie jar?
4. _____ How much was all the jewelry worth?
5. _____ Was the gun registered?
6. _____ How much was it worth?

The police may also make comments to your grandparents like:

“You should get better locks on your doors and windows. No wonder you were ripped off. A baby could break into your place.”

“You should have marked your property with your Social Security number or something else. How are you going to prove that it is yours if we find it?”

“You should really get a dog or an alarm system.”

“If I were you, I would move out of this neighborhood. Everyone around here gets ripped off.”

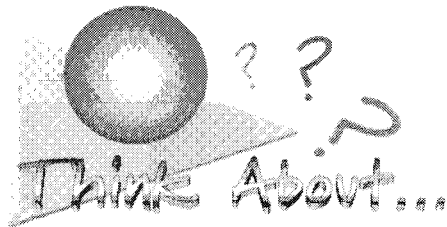
Answer the following questions and be prepared to discuss them in class.

1. How do the policeman's comments make your grandparents feel?

2. Whose fault is it that all of these things happened?

3. Is anything that happened your grandparents' fault?
4. Do you think that your grandparents have homeowner's insurance?
5. Do you think that a lot of people have insurance?
6. Let's say the value of the things stolen from your grandparents is about \$2000.00 Will your grandparents be able to afford to buy new things?
7. Are there some things that were taken or destroyed that your grandparents cannot replace?
What are these things?

8. What things do you think your grandparents are going to miss the most? Why?
9. If your grandmother decided to ask around or offer a reward for one item, what do you think the one item would be? Why?
10. Do you think your grandparents home was broken into by someone your grandparents know? Why?
11. What are you going to say to your grandparents to try to make them feel better?
12. What do you think of the person who burglarized your grandparents' home?



Watch the video "The Impact of Property Crime on Victims Part 2: Residential Burglary" and then answer the following questions:

1. In the second half of the video you were introduced to three other victims of property crime.

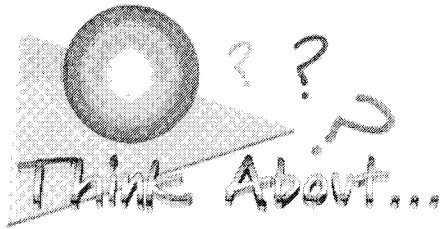
There was a young African-American woman, an elderly Caucasian man, and a middle-aged African-American man. How many times was the young African-American woman burglarized?

2. What happened in the first burglary? How did that make her feel?

3. What might happen to someone who walks in on a burglary?
4. What happened in the second burglary?
5. What happened in the third burglary?
6. One of the things she really worried about was her pets. Why?

7. What does the phrase “sense of security” mean?
8. How is a person’s sense of security damaged by a burglary?
9. How was the middle-aged African-American man’s life style and sense of security changed by the burglary of his house?
10. Many victims worry about the burglar returning. Name three specific things they might worry about.

11. How did his neighbors react to the burglary of his house?
12. How does being afraid affect the way a crime victim acts?
13. The elderly Caucasian man lost his hobby of making video tapes of local events when he lost the expensive VCR that he used for editing those tapes. What were some of the concerns he expressed in the video?
14. Why do you think many state laws provide for enhancements or longer sentences if the victim is over 65 or handicapped?



Read the following article.

Check Thieves Prey on Sick and Aged

By

John Saar

The endlessly ringing phones. The anxiety that puts a quiver in people's voices and shows as worry on the faces of those who come in to tell their sad stories. The "my Social Security check has been stolen" blues comes across vividly as Mary Meek describes the stress-filled first of the month scenes in the Washington area office of the Social Security Administration at 1325 K St. NW where she is a claims representative.

"People are really desperate," Mrs. Meek said. "They want to know where they can go for food. You try to calm them down, but they need the money."

The thief who steals and forges Social Security checks is a predator working society's vulnerable fringes to rob the sick and aged. For the victims who depend on the monthly checks for the essentials of life — food and shelter — the crime often precipitates a financial and emotional crisis. Yet the immense bureaucracy that administers Social Security has no machinery to replace a lost or stolen check with an emergency payment. "You feel kind of bad," said Mrs. Meek. "You see a person in need and wish you could help, but you can't."

A check that is lost in the mail can be replaced in one to two months. The victim of a check theft, however, is doubly penalized since getting a duplicate payment to them takes a long time — up to six months, according to Meek.

In September, a complaint came from Jerome Washington, a 66-year-old man whose joints are stiff with arthritis after a lifetime spent swabbing floors and whose mind, Meek recalled, was in a terrible turmoil. Washington had learned the bad news from his wife, Pearl. Their two September Social Security checks totaling \$331.41 of carefully budgeted money were gone, probably stolen.

Washington spoke in his rich Carolina drawl, “That’s all we got to depend on.” Even talking about it a month later, Washington got so mad the words tumbled out. “If I knew who got them checks, I would have done most anything.”

With a string of unanswerable rhetorical questions, he caught the measure of a crime that victimizes the old, sick and poor: “Who would steal those checks knowing we live on them — knowing we need those checks like other people who have nothing else to look forward to?”

He called the Social Security office right away: “I told them, ‘We ain’t got no other way’ and they said, ‘It will take a little time.’ There was nothing we could do but just worry.”

They worried. Mrs. Washington cried. They cut back on an already slender grocery list, paid some bills with borrowed money and fretted over the ones they couldn’t settle. It went on like that for three months.

When the replacement check arrived after The Washington Post made inquiries into the case, Washington said he kissed it: "I needed some money so bad I ran down to the store and cashed it."

His wife was less grateful and more critical of Social Security's tardiness. "I didn't kiss no check," she said. "I worked hard for that in my younger days and it was their duty to pay it back. You could have died between the time you lost the check and got the money back."

The theft of Social Security and welfare checks is a common crime and the Washingtons are typical victims. Their dollars and cents loss is small when compared with more spectacular crimes, but that takes no account of the distress inflicted on law-abiding people whose hard-won serenity was shattered for weeks. "This is a much more serious crime than people realize," said Alexander MacRae, tall, solemn man who has been a Washington postal inspector for 20 years. "It causes fear, apprehension and a feeling of insecurity . . . I have done this type of work for a number of years and it would be hard to explain the degree of hardship and inconvenience that people experience."

Postal Service investigators and Social Security employees often have to intercede with landlords to why a victim is unable to pay his or her rent that month.

Through Acting Director Jim Forbus, of the Bureau of Retirement and Survivors Insurance, the Social

Security Administration admits it doesn't do as much to help check theft victims as it might. A poster hanging in his spacious Baltimore office says "An act of love may tip the balance."

"The trouble is," Forbus explained, "Congress didn't legislate any acts of love when it set up the administration. We don't have a method of giving them cash right across the desk," he said. "We realize it's inadequate..."

In ordinary times, the Washingtons live happily in the frugal, bare-walled comfort of a low-cost apartment for the elderly in a densely-populated and predominantly poor Southeast neighborhood. Like everything else in their lives, they earned their Social Security income the hard way. Washington spent 20 years of night work polishing the floors of a bakery and put in four hours a day at a second janitor's job most of that time.

Pearl Washington is 69, three years older than her husband, a placid, soft-spoken woman with warm, luminous eyes. She riffles fondly through a pack of snapshots — smiling white children — and explains she spent her working life taking care of other people's children.

Menial work was their lot in life. They worked hard at it and view it now without resentment. "I don't have an education, see, but we wanted nice things like other folks," Jerome Washington said.

There's not much to show for it all in a material sense — some furniture, a closet full of cast-off clothes passed on by Pearl Washington's families, a 1970 Hornet auto which her husband said he will drive until his permit expires next year. Yet passing their time with television and lethargic good-natured squabbling and some visiting with friends and relatives, the Washingtons are a picture of old-age contentment.

This comforting picture does not reveal the fragility of their life structure. The Washingtons have no savings. They rely absolutely on the monthly checks from the Treasury of the United States for the very stuff of life. The money covers the rent, buys the cheaply priced turkeys they use as a meat staple, pays doctor's bills.

They live month after month right on the edge of debt. Any delay in the arrival of the check leaves the Washingtons and tens of thousands like them flat broke and facing imminent destitution.

Nearly a year after their checks were stolen, they moved from Kenyon Street NW to their \$62-a-month National Capital Housing Authority apartment in Southeast. They arranged to be telephoned when the next two government checks arrived at the old address. In the meantime, the Housing Authority suggested they ask for help from a charity.

Pearl said, "I don't want to go to the church, the Salvation Army or welfare." she said indignantly. "I never asked anybody for help. I just want what's mine."

The case is now with the Secret Service and the U.S. Postal Services' Washington division, which investigates crime committed through or against the mail. Granted the Washingtons' case was one among thousands, the investigation was scarcely a fast-moving affair. The couple have yet to hear from the Secret Service, they say, and the Postal Inspectors have been thwarted by lack of evidence. In fact, it was not until last week, six months after persons unknown stole the checks, that the inspectors received photo-copies from the Treasury.

A visitor who called on the Washingtons after eventual delivery of their replacement checks found them reluctant to open the door. They were in a state of shock and demoralization from the impact of another new crime just days before.

After letting in the visitor and then locking and double-chaining the door, Washington told how he had opened that same door on the previous Saturday to be confronted by a man, a woman, a pointed gun and an order to yield his money or have his brains blown out. He gave all he had — \$40. It was the Washington's fourth robbery.

Scared before, the Washingtons now want to leave this city. "We're not going to stay here too long. It's too dangerous," Washington said. "I'm afraid to go out of that door at night. We don't go any place."

Answer the following questions and be prepared to discuss them in class.

1. What type of checks did the thieves steal?
2. Who are some of the people who receive these checks?
3. their checks List some of the problems that Mr. and Mrs. Washington had when were stolen.
4. Why do you think this crime is worse for the older victim to cope with?
5. How long did it take Mr. and Mrs. Washington to get a new check to replace their stolen one?

SHOPLIFTING, COMMERCIAL BURGLARY AND VANDALISM

Watch the video "Part 2: Shoplifting, Commercial Burglary and Vandalism" and then answer the following questions:

Shoplifting

1. Some people say, "It's OK to steal from a store. Rich people pay for it." Shoplifting costs American businesses over a billion dollars a year. Who pays for it? What effect does that loss have on the American economy?
2. When an item is stolen, it takes profit away from other items sold to pay for the loss. In the video, it was disclosed that the theft of a candy bar means the loss of profits on how many candy bars?

Commercial Burglary

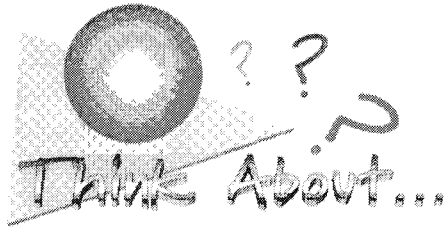
1. What items were taken from the truss company?
2. Who owned the tool belts?
3. How did the burglary of the truss building company affect the employees of the company?
4. How did the burglary effect the construction company they were building for?

5. What happened to the construction workers who were waiting for the trusses to be delivered?

Vandalism

1. One of the problems that Mayor Serna talked about was graffiti. Why do you think some young people vandalize their community with graffiti? How does graffiti affect a community?

AUTO THEFT AND UNDERSTANDING INSURANCE



Watch the video "Part 3: Auto Theft" and then answer the following questions:

1. The Hispanic youth who worked at two jobs for eight months to fix up his car, said that after his car was broken into he blamed himself. Why? Was he responsible for his car being broken into?

2. Did he have insurance?

3. What kind of car was stolen from the middle aged couple?

4. How did the theft of the car affect their lives?

5. Did they have insurance?

6. Manual Lopez, the owner of the auto body shop said that a theft recovery takes longer to repair than a five mile-per-hour fender bender. What is the minimum amount of time required to repair a typical theft recovery?

7. How would a victim be able to get around without his car?

Understanding Insurance

Read the following information:

When someone buys a house, the bank or mortgage company (the money lender) requires the borrower to buy insurance called home owners insurance. The insurance is designed to pay for any damage the house might receive because of fire, earthquakes, hurricanes, etc. Many insurance policies will also pay for loss of belongings in the house destroyed during one of these disasters. Some insurance policies also cover property lost due to theft, but it is expensive. Once you pay off your house, you no longer are required to buy insurance. Because they need to save money, many retired people no longer carry insurance on their homes. Also, people who rent usually do not have their property protected by insurance. While a special renter's insurance is available, it is often very expensive.

If you borrow money from a bank to buy an automobile, the lender will require you to buy automobile insurance to pay for any damage that may happen to the car until you pay it off. After you pay off the car you are not required to keep your car insured; however, most states require every automobile owner to have insurance to cover damage that his or her automobile causes to another person's automobile or property.

Whenever you inform your insurance company that you have had a property loss and that you wish to claim insurance money to cover it, you "file a claim". Every time a loss is submitted by a person, that claim is recorded in a national computer network. Insurance companies protect themselves from false claims by making policy holders pay for part of the loss. This part is called a **deductible**. The typical deductible on damage to a car or house is \$500. Some more expensive policies offer a \$250 deductible.

Insurance companies assign most property a "usable life." This means the longer a person owns something the less valuable it becomes, a process called **depreciation**. If a television cost \$700 when it was purchased, and it is now 5 years old, the insurance company will only pay \$200 to replace it. Some companies offer full replacement coverage, but it is expensive.

Because electronics are so expensive, people often can only afford to buy them on credit. If someone buys a \$700 TV on credit, it could take 4 years to pay off and end up costing about \$1000 after interest charges. Buying on credit often builds up a large **credit debt**. If the TV is stolen while it is still being paid off, monthly payments are not excused. The victim still has to make each payment. Many victims are unable to buy something new until they pay off the one that was stolen. If they refuse to pay, or cannot pay what they owe, a collection company will be sent after them. Not paying on a credit bill can ruin any chances for future credit, especially if the loan is for a car or house. **Even one late payment will stay on a person's credit record for seven years.**



John and Mary return from the store and discover that a window has been broken and their house has been broken into. Their stereo, VCR and TV have been stolen. They call their insurance agent who reminds them that they have a \$500 deductible, but they have a full replacement policy. Replacing the window costs \$50. The TV cost \$350 five years ago. The VCR cost \$400 three years ago. The stereo was \$250 seven years ago.

Answer the following questions:

- 1. What was the financial value of this loss?**

- 2. How much insurance money will John and Mary receive?**

William returns to his car and finds his driver's side window smashed out. His car stereo and speakers, which cost him \$580 when he bought them a year and a half ago, have been stolen. He goes to his insurance company and the agent tells him that after depreciation, his stereo is now only worth \$250 and his speakers are now only worth \$150. His insurance agent reminds him he has a \$500 deductible. He has to pay an auto body shop \$45 in labor and \$55 for the glass to fix his car window.

1. How much money will William get from his insurance company?

2. What is the real cash loss value of this theft?

3. How much do you think the thief got for William's stereo when he sold it?

Mario and Christina bought a camcorder to video-tape their baby. It cost \$1000, and because it was so expensive they charged it to their credit card. They were to make monthly payments of \$40 for three years

(the total cost after interest charges during those three years would bring the final cost to \$1440). After they had owned it for two years, and had paid \$940 for it, someone pried open the trunk of their car and took it. An auto body shop tells them it will cost \$270 to fix the trunk. They call their insurance agent who tells them that their automotive policy won't cover the stolen camcorder. He reminds them that they have a \$250 deductible.

1. **How much money will Mario and Christina get from their insurance company?**

2. **How much money do they still owe on the stolen camcorder?**

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GUEST SPEAKER NOTES