

Quarterly Newsletter

from Brewer Federal Credit Union

What is Homeowners Insurance?

Homeowners insurance is a form of coverage that provides financial protection against loss or damages to someone's home, along with furnishings and other personal belongings. Homeowners insurance also provides liability coverage against accidents in the home or on the property. Typically, an individual's homeowners insurance policy will protect them in the event of interior damage, exterior damage, loss or damage of personal assets, and injury that occurs while on the property.

If someone didn't have homeowners insurance and their house were to catch fire, they would need to pay for the cost of the repairs or replacement all on their own. If that person did have homeowners insurance, the insurance provider would pay for the costs of repair or replacement. If anything, the homeowner may need to pay the deductible. A deductible is the amount someone would have to pay before the insurance provider would cover the rest. For example, let's say someone has homeowners insurance with a \$1,000 deductible. If a fire causes \$20,000 in damage to their home, they will pay \$1,000 and the insurance company would pay the remaining \$19,000. Usually, the higher the deductible amount, the lower the insurance will cost.

Legally, people can own a home and choose not to have homeowners insurance. However, in most cases, those who have a financial interest in someone's home— such as the mortgage lender— will require that it is insured. Even if there is no requirement, though, it's a good idea for people to protect what is likely the largest investment they'll ever make— their home.

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The Difference Between Fraud and Scams

An individual's personal and financial information is a valuable commodity, and protecting it is key to maintaining financial security. Being able to recognize the signs and understand the differences between frauds and scams is essential in safeguarding oneself from having their hard-earned money taken away by scammers and fraudsters. Here are the differences and some practical tips to help people avoid falling victim to deceitful practices.

Fraud

Fraud is financial theft without one's permission or knowledge. Fraud refers to the deceptive and dishonest activities carried out with the intention of gaining financial or personal benefits— all while breaking the law. Examples of fraud include unauthorized use of someone's credit or debit card, stealing someone's identity and opening accounts in their name, and taking over an unsuspecting person's financial accounts. Fraud is more difficult to protect oneself from than scams, as it happens without people knowing about it. However, regularly keeping an eye on financial accounts for suspicious activity is key to spotting it quickly.

Scams

A scam is financial theft with one's permission or knowledge. It's a trick that is designed to persuade people into believing false information or promises, with the goal of gaining their money, personal information, or other valuables. Scammers often manipulate their victims by exploiting their trust. Examples of scams include people pretending to be debt collectors, offering fake investment opportunities, or promising fake lottery or prize winnings. For example, a scammer could mail, call, text, or email someone to tell them they've won a prize through a lottery or sweepstakes and then ask them to pay an upfront fee to receive the rest of the money. There is no prize. The scammer simply wanted quick payment from the victim. One of the most important ways people can avoid falling victim to scams is by staying informed about the latest scams— that way they spot that something is suspicious before they agree to take action.

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Homeowners Insurance *(continued from front)*

Why is it important to adjust homeowners insurance policies?

For those who already own a home and are protecting their investment with insurance, they may be underinsured in 2023. This means they may not have enough insurance to rebuild their home. This is due to inflation, rising building costs, and labor shortages. Homeowner insurance policies are based on the home's replacement value or cost of rebuilding. During periods of rapid inflation—much like U.S. consumers have seen over the past few years— the prices of construction materials can raise costs far beyond what one's insurance provider originally estimated replacement costs to be.

Given that the replacement value for a home is likely higher than it would have been for the same home ten, five— even three years ago, it's important for homeowners to take steps to ensure their insurance coverage is keeping pace with rising inflation. Homeowners should contact their insurance agent or insurance company to complete an audit of their coverage. Doing so can determine whether the current replacement coverage is enough to replace their home and if they need to make adjustments. Homeowners can even ask their insurance provider to add inflation guard to their policy, which would adjust their coverage limits to keep pace with the rate of inflation each year. It's also important that homeowners complete an inventory of the items in their home, such as jewelry, electronics, and other valuables, to ensure replacement coverage for those personal belongings is adequate, too.

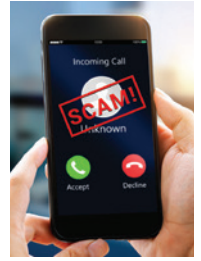
What is the bottom line?

People should review their insurance coverage annually. They can check their policy to see if it meets their needs and is in alignment with current rebuilding costs. Not only that, but if a homeowner isn't reviewing their policy annually, they may also miss out on the opportunity to compare their coverage with the competition. Shopping around between different providers can lead to some great savings.

Fraud and Scams *(continued from front)*

Tips to Avoid Becoming a Victim

Be Cautious When Sharing Information. People should be cautious about sharing personal or financial information, whether online or offline. They should avoid revealing sensitive information, such as banking information, passwords, Social Security numbers, addresses, and phone numbers to unfamiliar callers, email senders, or unfamiliar websites.



Strengthen Online Security. People should use strong, unique passwords for each online account and use two-factor authentication whenever possible. Two-factor authentication is an extra security step in the process of logging into an account. As usual, people enter either their username or email address, followed by their password. However, instead of being granted access to their account after entering the password, the user needs to confirm their identity via another specified method. For example, the user may receive a text message or an email with a one-time code that must be entered to complete the login process. Other two-factor authentication methods include biometric information, such as fingerprint or facial recognition scanning.

Resist Pressure to Take Immediate Action. Acting in urgency is a warning sign of a scam. Scammers want people to act quickly and make payments without taking the time to think the situation through. Honest organizations will give people time to make a decision.

Avoid Unusual Payment Methods. If someone is asked by an unfamiliar person or business to send a payment via a wire transfer, prepaid card, or cryptocurrency, they should not do it. These methods are nearly untraceable, and once the money is sent, it's usually gone for good.

Develop Awareness. People should regularly educate themselves about the latest tactics being used by fraudsters and scammers. Common frauds and scams are regularly shared on the Consumer Financial Protection Bureau's website. This can help people spot common warning signs and red flags that might indicate a fraudulent attempt to obtain their financial or personal information before it happens.

Trust Your Instincts. If something seems too good to be true, it probably is. If someone is suspicious about something, they should talk with a trusted friend, family, or contact their credit union before taking action.

Knowing the difference between frauds and scams is an important part of understanding the full picture of the deceptive practices that exist in today's world. By educating themselves and being prepared to spot the red flags, members can avoid falling victim.

Credit Union Hours

Lobby and Drive-Thru

Monday–Wednesday

8:00 A.M. – 4:00 P.M.

Thursday and Friday

8:00 A.M. – 5:00 P.M.

Saturday

8:00 A.M. – 12:00 P.M.

Saturday hours offered at
77 North Main Street only

Office Locations

77 North Main Street · Brewer

p: 207.989.7240

f: 207.989.7857

229 Dirigo Drive · Brewer

p: 207.989.7240

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Holiday Closings

Indigenous Peoples' Day

Monday, October 9

Veterans Day

Saturday, November 11

Thanksgiving

Thursday, November 23

Christmas

Monday, December 25

New Year's Day

Monday, January 1

