

The Insurance Advocate Newsletter



Insurance Advice For Our Clients

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November 2011



Correct Restraint Position

It's Your Neck

Neck injuries are one of the most common injuries in automobile accidents, even in very minor crashes. Approximately one in five rear-impact crashes result in some level of neck injury. Experts advise that less than 20% of drivers actually know the optimal positioning for head restraints.

Russ Rader of the Insurance Institute for Highway Safety says, "Most of the people we found leave the headrests in a down position, which is not the optimal position to give you protection from a neck injury." Vehicles are rated to determine how well their headrests can prevent neck injuries in rear-end crashes, the most common type of injury in a crash. A well-designed restraint can reduce the risk of whiplash injury by reducing the differential motion of a person's head and torso. If the head is unsupported, it will lag behind as the torso is being accelerated. That causes the neck to bend backward in whiplash.

Prior to using the term "whiplash" the term "railway spine" was used to describe a similar condition that was common in persons involved in early train accidents.

There are three easy steps to assure proper positioning:

1. Sitting in your car, adjust your seat to be in a comfortable, upright position.
2. Facing forward, reach behind you, and adjust the height of the head restraint so that the restraint is no lower than 2 to 3 inches from the top of your head.
3. Now that you have the height of the restraint adjusted, make sure that it is no farther than 2 to 3 inches from the back of your head. If you don't have the type of head restraint that tilts, adjust the vertical position of the seat.

Fortunately, whiplash is typically not a life threatening injury, but it can lead to a prolonged period of partial disability. The cost of whiplash injury in the United States amounts to approximately 30 billion dollars a year.

Questionable Claims Rise in First Half of 2011



The National Insurance Crime Bureau (NICB) reports that the number of questionable claims has risen nearly 5% in the first half of this year, compared to the prior year. For the first half of 2011, there were 48,887 questionable claims, compared to just 41,309 during the same period in 2009.

The NICB report examines six referral categories of claims: property, casualty, commercial, workers' compensation, vehicle, and miscellaneous. Workers' compensation claims, involving inflated medical billing and duplicate billing combined, increased 445% compared to the same period in 2010.

Questionable claims are claims that NICB member insurance companies refer to NICB for closer review and investigation based on one or more indicators of fraud. This practice has revealed millions of dollars worth of fraudulent claims, many that have resulted in prosecution.

It is not unusual to see a spike in fraudulent claims during periods of tough economic times. Insurance companies have been successful, with the help of organizations like the NICB, to control this economic phenomenon.



Rodent Damage to a Vehicle

The insured vehicle was parked for a couple of months while the insured was on an extended vacation. Upon his return, the vehicle would not start, and the insured had the vehicle towed to a repair garage. Upon inspection the mechanic found that the wiring harness that included ignition wiring had been chewed through by some type of rodent. The repair is over \$600.

Will insurance cover this damage? It wasn't an auto accident. You wonder if your homeowner policy might cover the damage since the car was stored in your attached garage. But you discover that the homeowner policy has an exclusion for motorized conveyances of this type.

Is this damage considered mechanical breakdown, since the vehicle will not operate? What coverage, if any, would there be? You give your agent a call and you are told that mechanical breakdown occurs when a part of the vehicle breaks or malfunctions without the intervention of something else. Further, you are told that the auto policy affords no coverage for mechanical breakdown.

Ultimately you are told that the direct cause of loss, damage by rodents, is covered under the "other than collision" coverage in the auto policy. You breathe a sigh of relief knowing that you are only going to be out of pocket your deductible.

Cadillac Escalade Most Popular Among Thieves

The Highway Loss Data Institute (HLDI) reports in its analysis of insurance claims that the Cadillac Escalade is the number one stolen vehicle in America. In fact, the Escalade is six times more likely to be targeted than any other car. For every 1,000 vehicles stolen, 14 are Cadillac Escalades. The Escalade has ranked worst in overall theft losses in 6 of the last 7 HLDI reports.



Following just behind the Escalade as the second most stolen vehicle is the four-wheel drive Ford F-250 crew cab. Of the remaining vehicles in HLDI's list of the top 10 vehicles most frequently stolen, only three are not trucks: the Chrysler 300 HEMI, the Chevrolet Corvette, and the Infiniti G-37. Theft losses for these vehicles are 3 to 5 times higher than the average for all vehicles. The HLDI reports that, as a group, pickup trucks are a hot target not just for the vehicle itself, but also for the contents that are often carried in the truck. Overall, theft losses for trucks are twice as much as for cars and SUV's.

By comparison, the National Insurance Crime Bureau (NICB) rates all vehicles without taking into account if the vehicle is insured. Therefore, the most popular vehicles tend to top the NICB list. But, this doesn't tell you which models are the most likely to be theft targets. Conversely HLDI's results are based on the number of insured vehicles by type. The HLDI identifies those vehicles with the worst theft loss statistics then calculates the number of insurance claims by make and model relative to the number of each make and model insured. The HLDI approach indicates which vehicles are most likely to be theft targets.

HLDI reports that the cars with the lowest claim rates are the Volvo S80, Saturn VUE, Nissan Murano, and Toyota Prius.

The long-term trends since 1998 saw the frequency of theft claims for cars and SUVs decline, but the average insurance payment per claim increased. The theft frequency for pickups had also declined, but in 2001 the trend reversed its course and has steadily risen while the average claim payment has also risen.

Life Insurance...Who Are You Going to Call?



Approximately two-thirds of households with income between \$25,000 and \$75,000 have life insurance. Of this group, almost one-third do not feel they have enough insurance. Only about 25% of all people with life insurance policies believe they have enough coverage. Now, the dilemma - who do they call?

The life insurance industry reports new agent retention of just over 10 percent after one year. This causes many policyholders to be repeatedly transferred to new advisors almost annually. Policyholders have no relationship with these new agents and therefore have not developed the trust needed to have faith in the advice being given. This group, commonly referred to as orphans, want someone they know and trust to advise them about the available choices.

There are many reasons why you chose for us to handle your property and liability insurance needs. These same reasons should apply to your life insurance buying decisions. Your insurance protection package is like a puzzle. It takes someone who knows you, and all of your insurance needs, to be able to put the pieces of that puzzle together. You already have developed a trusting relationship with our office. If you are happy with our service, and having this trust-based relationship is important to you, then you already know the answer to the question "who am I going to call?"

Be Prepared...Winter Offers Special Challenges



Throughout the country winter weather varies dramatically, but it stands to reason that just about all of us will face some type of inclement weather this winter. The Farmer's Almanac is forecasting a mild winter, but for those of us who rely on scientific meteorology the Farmer's Almanac doesn't offer much confidence. If history teaches us anything it is that winter weather brings with it many surprises.

Winter weather brings us snow, sleet, sub-freezing temperatures, and wind and ice storms. In severe winter storms we also face the threat of loss of power, heat, and communication. Heavy snows and ice can bring down power lines and tree limbs and can cause dangerous accumulations of snow or ice on roofs and awnings leading to collapse. Indirect damage and injury from winter storms include roadway accidents due to slippery roads and binding snowstorms, hypothermia due to prolonged exposure to cold, and carbon monoxide poisoning caused by faulty, improperly ventilated equipment. It is important to be prepared for winter weather before it strikes.

It is a good idea to have a family emergency plan where each family member is knowledgeable about steps to take for safety in the event that family members are not together when inclement weather hits. Make sure you know the emergency plans of schools and workplaces to help coordinate your family's safety plan. It is also important to have an emergency kit on hand. That kit should include non-perishable food, water, a battery-powered radio, flashlights, extra batteries, a means of communication, and blankets or sleeping bags. Also, make sure you have a good supply of any regular medications, and first-aid supplies on hand.

Prepare your home in case severe weather affects you this winter. Your house should be well insulated, especially around plumbing routed through outside walls. Allow your faucets to run at a slow drip a little to avoid freezing. Open cabinet doors to allow heat to your under-cabinet plumbing. Know how to shut off water valves in case a pipe bursts.

There is no tradeoff for good planning. We can learn something from the Boy Scouts and their motto "Be prepared."

How Are You Staying Warm This Winter?

With oil frequently above \$90 a barrel, many homeowners look for alternate sources of home heating. The first thing necessary to prepare for the winter heating season is to have your central heating system inspected and serviced. Installing and maintaining fire detectors in good condition is a must. Having at least one fully charged fire extinguisher on each level of your home is extremely important but often overlooked.

A popular source for supplemental heating is using a space heater. The biggest mistake people make with space heaters is placing them too close to flammable materials such as bedspreads, draperies, upholstery or clothing. Space heaters need at least three feet of clearance from anything flammable. Also be sure to use appropriate floor protection.

- Make sure your space heater includes Underwriters Laboratories approval.
- Always turn space heaters off when you leave a room or go to bed.
- If you use an electric heater, do not overload the circuit. If you must use an extension cord, which we advise against, choose one that is the same size or larger than the appliance cord. Do not use electric heaters in bathrooms or other areas where they may come in contact with water; the danger of electrocution is too great.
- If you use a kerosene heater, burn only kerosene. Using other types of fuel is extremely dangerous. Make sure your kerosene is clear as water and not yellow. Always refuel the heater outdoors after the heater has cooled down.
- When purchasing a supplemental heater ensure that it is equipped with an automatic shutoff.

Using simple safety precautions can allow you to be both warm and safe this winter.



Is Your Auto Ready For Winter



If you have an automobile there are a few simple steps you need to take:

- Check antifreeze levels.
- Check battery condition.
- Check condition of wiper blades and washer fluid level.
- Check your tire tread, and, if necessary, replace your tires or add snow tires.
- Check the condition of your cooling system, including the thermostat.
- Check your hazard lights, and make sure to keep your headlights and turn signals clean.
- Check your exhaust system. Carbon monoxide is silent but deadly.
- Keep an emergency kit in your car including flashlights, batteries, food, water, and blankets.

Commercial Insurance Basics

When trying to determine the type of commercial property insurance to buy you should take into account not only the present insurance needs but also future needs based on business projections. Your insurance program should be reviewed annually.

There are many different kinds of coverage available to you, which can be tailored to meet your specific needs. There are also package type policies designed to meet most needs of a particular class of business. These commercial insurance policies come in *all-risk** policies and peril-specific policies. *All-risk* policies usually cover the more common

risks small businesses face, while peril-specific policies are bought to cover risks specific to a certain kind of business or portion of that business.

Building coverage provides recovery for damage or losses incurred to your building and structures, damage to outdoor and permanent fixtures, and can also cover damage to any of your business machines or equipment within the building. Business personal property coverage provides reimbursement for damages incurred to all personal property used by your business.

Commercial buildings under construction can be insured with builder's risk insurance, which will protect your partially built structure if it is damaged by a covered peril during construction. If you are leasing your property, tenant's insurance coverage can cover damages sustained to any improvements you have made on the owner's property, and any damage the building sustains from negligence on the part of your employees.

Some commercial insurance policies are designed to provide a package of coverages fitting the needs of the average business in that class, while other commercial enterprises require an ala-carte approach of placing very specific coverages that are custom tailored to the operation. In either case, coverage can be altered or revised with the use of any one of dozens of endorsements to expand or restrict coverage based on your needs and desires.

Specifying exactly what you want your coverage to include is important so you will not be caught unprepared when disaster strikes, possibly losing your business as a result. We advise that you list all of your property exposures, including property you own, property in your care, property on your premises, and property that may leave your premises. You should also try to give a complete narrative of what your business operations entail, the geographic spread of your operation, and all products you service or sell.

Make fair and reasonable estimates of the value your buildings, equipment, and business property and supplies. Insurance companies will require this to assure that you meet certain insurance-to-value requirements. Insurance companies will either use the replacement cost basis, where you receive the cost of replacing your damaged goods with new ones, or the actual cash value system, which reduces the cost new of an item by a depreciated amount representing the age and wear and tear of an item. There is no trade-off for keeping your coverages up to date.

** The term "all-risk" as used in insurance policies is subject to a great many restrictions and should not be taken literally to mean that all things are covered.*

Commercial Quick Notes

Destroyed and Damaged Records Coverage

Destroyed and damaged records insurance coverage compensates companies in the event that business records and financial records are damaged, missing, or have been completely destroyed. There are two distinct elements of this coverage. The first covers the cost of the media, film, disk, paper etc. The second covers the cost of transcribing or copying the information.

If there are no duplicates, there is an extension of coverage available that provides coverage to rebuild the documentation.

This coverage is not automatic. Give us a call.

Property Off Premises

The commercial property policy provides the insured a limited amount of coverage for property located off the described premises. Specifically not covered is property in the control of salespersons or at a fair or exhibition.

The extension does not apply to stock. The policy defines stock as merchandise held in storage or for sale, raw materials, or in-process or finished goods, including supplies used in packing or shipping.

The extension does not apply to property in-transit, as property is not covered off-premises while in a vehicle. For in-transit coverage an optional extension of coverage is needed.

