

The Insurance Advocate Newsletter

A Free Service For Our Clients

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What the Insurance Industry Means to the Economy

Insurance companies directly employ nearly 500,000 people contributing \$34 billion of payroll that reaches our economy. Paid insurance claims in 2007 totaled over \$250 billion.



Insurance companies contribute over \$15 billion in state premium taxes alone. Add to that billions more paid in property, payroll, income, and various other corporate taxes.

Property and Casualty insurers are a major source of capital for state and local government. Property and Casualty insurers held approximately \$370 billion in municipal bonds in 2007. This represents 17% of the total state and local government debt.

Consider for a moment what it would be like if there was no insurance. Not only would hundreds of billions of dollars never enter our economy, but commerce would grind to a halt. Banks would not be interested in loaning money for new homes, autos, or construction projects.

In the absence of insurance many people would lose their jobs, and even if they stayed employed they would have no health or life insurance, and heaven forbid they get hurt on the job. Construction projects would come to a halt. Concerts and plays would no longer be possible. We would all drive at our own risk and air travel would be out of the question.

Is it Covered?

In this new series of articles we will explore different claim scenarios, and discuss if, and how, coverage might exist to pay the claim. We will explore homeowner, auto, and personal umbrella claims.



Claim Scenario:

You come home from work to find the house next door has been destroyed by fire. Fire spread to a transformer causing an explosion and requiring extensive work by the electric utility company that will take several days. This same transformer controlled distribution of electric to several homes around the fire scene, including your home. Local authorities tell you that it is unsafe to stay in your home and you have to seek temporary accommodations.

Q: Does your homeowner insurance provide coverage for you to have temporary accommodations if you have not experienced any direct damage to your home?

A: At first glance you might wonder how you could have coverage from your homeowner policy when you haven't had any direct damage to your home. Homeowner Coverage D, Loss of Use, includes three coverage sections: Additional Living Expense, Loss of Rents, and Prohibited Use.

Most often, people think that Coverage D only pays the costs of temporary living arrangements after a covered loss renders your home uninhabitable. But, for the above claim, one of the coverage parts of Coverage D, Prohibited Use, will pay temporary living expense when you are prohibited from the use of your residence premises as a result of order by a civil authority. The damage to the neighboring premises must be caused by an insured peril in your own policy.

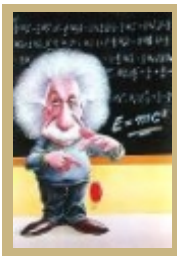
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What's Your Insurance I.Q.?

We're not suggesting that you become an expert on insurance. As your advisor, we are here to provide you the best advice and services available. But, you do need to have knowledge of the basics. From time to time in this article series "What's Your Insurance I.Q.?" we will provide you some of the basics that should increase your level of comfort with this complicated subject. In this issue we will deal with the question of coverage for your personal property that may be away from your residence.

Property at Other Locations:

It is summertime and your family is climbing in the station wagon to drive to a rental vacation cottage. You know that your auto insurance does not offer coverage for all of your personal items packed tightly in your car. Adding up the value of clothing, computers and all of your other gear, you realize that you may have thousands of dollars in personal property traveling with you to your vacation paradise. Is it covered?

The typical homeowner policy makes allowances for this kind of situation. For your personal property at another location, your homeowner policy extends coverage subject to limitations. This extension is limited in amount with the usual limit of coverage being the greater of 10 percent of your full personal property limit shown on your policy declaration page or \$1,000.

This limitation does not apply when property is moved from your insured residence premises to protect it from damage due to your principal residence undergoing repair or construction, or for the first thirty days commencing a move to a new principle residence.

Please take a look in your homeowner policy, Coverage C, Personal Property, for a complete description of coverage and limitations. Call us with your questions.

Who is an Insured for Auto Liability?

The auto liability policy is very specific regarding the definition of "**insured.**" The policy specifies four categories of "insureds." We will focus on the two most common categories in this article.



Tip - whenever you see a word in your insurance policy in bold it means that this word is specifically defined. Look for the word in the definition section of your policy for better understanding.

The first category is "**you**" defined as the insured whose name appears on the declaration page - and his or her resident spouse, as well as other resident family members for the ownership, maintenance or use of any auto or trailer.





The second insured category includes "**any person**" using the named insured's covered auto with permission. This coverage extension has some limitations. A car thief wouldn't be covered because he obviously doesn't have permission. Another common exclusion is for those in the business of selling, repairing, servicing, storing or parking vehicles. If your mechanic wrecks your auto while on a test drive, your policy will not protect him for his liability. He will need his own commercial liability policy.


When discussing who is an insured in the auto policy we must also consider the applicable exclusions to coverage. There are a total of 13 exclusions. Each of these exclusions require extensive discussion and many will be addressed more fully in subsequent issues of this newsletter. If you wish to further research this topic, look at the exclusion section in your policy that applies to liability. Give us a call with your questions.

Life Changing Events



What life changing events have you experienced that requires you to call us about your life insurance? Below is a little checklist you might find helpful:

-  Marriage
-  Childbirth or Adoption
-  Changing Employment
-  Buying a New Home
-  Starting a Business
-  Change in Retirement

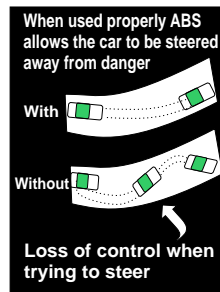
-  Responsibilities for Elderly Parents

Whatever the reason, make sure you reflect annually on your life insurance needs and call us with your questions so we can help you with the solutions.

What Actually Happens in Your Anti-lock Braking System?

You have probably pushed your foot down on your brake pedal on slippery pavement only to feel the pedal pulsate. The anti-lock brake system (ABS) works like an automatic foot, pumping and releasing the brakes as a sensor at each wheel senses lock-up. When you hit your brakes each wheel sensor detects if your car is starting to skid.

When the ABS computer receives the message from the wheel's sensor that the wheel is starting to skid it releases the brake pressure on the skidding wheel. The pressure is reapplied until the sensor once again signals the computer that the wheel is starting to skid. This simulates automatic foot pumping of the brake, but in a far more efficient way. This simulated braking, controlled by the ABS computer, is what allows you to maintain more control when steering of your car in a skid.



When you are skidding you have no control over your car's direction, but with ABS you should, in most cases, be able to steer your way out of danger.

In The Home

Natural Gas Safety



Natural gas is colorless, odorless and tasteless. Some utility suppliers add a distinctive smell like spoiled eggs so a gas leak can be easily detected. If you smell gas, Vectren Energy advises that you do the following:

- Leave the home/building immediately
- Do not open windows or doors to allow fresh air into your house
- Do not use the telephone
- Do not turn lights on or off
- Do not light matches or other ignition source
- Do not turn any electrical appliances on or off

Next time you receive your bill make a note of the emergency numbers and keep them handy.

How Should I Store My Important Life Insurance Records

Document management isn't just for corporations. If you die, your beneficiaries need to be able to find your life insurance policy(ies). You should have two copies of each of your policies so that it is less likely you will lose them, even to an accidental fire or flood. Keep a copy at home where you keep your other important papers, preferably in a fireproof container. Keep the other with a trusted friend, family member, or in a safety deposit box.

On your list of important documents, you need to record the following information about your policies:

1. Full name and address of the insurance company
2. Policy number
3. Policy issue date
4. Death benefit amount
5. Name and address of selling agent
6. The location of the original policy

You might have life insurance from your employer, under an individual or group policy. Sometimes you can buy life insurance through clubs or associations. In addition to the information already listed, you also need to record:

1. The name of the employer or group that sponsors your coverage
2. The contact person with whom a claim would be filed

Maintaining up to date records is crucial for helping those who will be working on your beneficiaries behalf.

Honesty - Commitment - Integrity



People Helping People

RMD Equals Maximum Missed Work Days

Repetitive motion disorders (RMD) are a variety of muscular conditions that result from repeated motions performed in the course of normal work or other daily activities. RMD may be caused by overexertion, incorrect posture, muscle fatigue, compression of nerves or tissue. Common causes include uninterrupted repetitions of an activity or motion, and friction caused by an unnatural or awkward motion such as twisting the arm or wrist. Over time, these conditions can cause temporary or permanent damage to the soft tissues in the body, such as the muscles, nerves, tendons, and ligaments. RMD can occur in the hands, wrists, elbows, shoulders, neck, back, hips, knees, feet, legs, and ankles; however, the hands and arms are most often affected. Generally, RMD affects individuals who perform repetitive tasks such as assembly line work, meat-packing, sewing, playing musical instruments, and computer work.



In 2006 repetitive motion injuries and illnesses were the leading source of the highest median number of days away from work. At 19 days, the median for repetitive motion injuries and illness was more than double the median for all other injuries and illnesses according to the U.S. Bureau of Labor Statistics.

Experts offer the following suggestions to mitigate the impact of certain types of repetitive motion on the hands or wrist.

1. Computer users are encouraged to sit with their lower back against the chair and feet flat on the floor or elevated on a foot rest.
2. When doing work at a bench or desk, try to position yourself so that your elbows are bent at a right angle (90 degrees) or slightly more, with your forearms parallel to the floor.
3. Do not hold an object in the same position for a long time. Even simple tasks, such as hammering nails, can cause injury when done over a period of time.
4. Give your hands a break. Rest them for a few minutes each hour.
5. Lift objects with your whole hand or with both hands. Gripping or lifting with the thumb and index finger puts stress on your wrist.
6. If your line of work causes pain in your hands and wrists, alternate the stressful tasks with other work, if possible.
7. Place your hands in front of you. Spread your fingers as far apart as possible. Hold for 5 seconds. Relax. Repeat 5 times with each hand.
8. Turn your wrists in a circle, palms up and then palms down. Relax your fingers and keep your elbows still. Repeat 5 times.



Internet Abuse in the Workplace

As an employer, a growing concern over recent years is the amount of time employees spend surfing the Internet on company time. In today's modern business, the Internet has become indispensable to daily operations. But, to some employees, it becomes an invitation to surf their favorite sites, check bank statements and chat with friends.

Is it acceptable and legal for an employer to restrict Internet use by employees, and if necessary, install Internet blocking or tracking software? A survey of more than 700 companies by the Society for Human Resource Management (SHRM) found that almost three-quarters of those companies monitor their workers' use of the Internet and check employee email, and more than half review employee phone calls. Employers are increasingly concerned about the significant body of law that has developed threatening employers with a new liability exposure for inappropriate action by employees using a company's Internet capabilities.