

The Policyholder Advocate Newsletter

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One in Five Would Fail Driving Test

You approach an intersection with stop signs on your road. The intersecting road has no stop sign, allowing traffic to flow freely through the intersection. The car approaching from the opposite direction arrives at the stop sign just before you. You are going straight and the opposing auto is turning left across your path. Who has the right of way? If you are like one in five Americans and got this question on your written driving test you would answer incorrectly. Approximately 36 million drivers would fail a driving test if required to take the test again. The average test score in 2010 was 76.2%.

The organization that conducted this survey, GMAC Insurance, concluded that a great number of people on the road lack basic driving knowledge, and this lack of knowledge could lead to dangerous driving habits. 27% of women, and almost 14 % of men, failed this test. Drivers ages 60 to 65 had the highest average test scores at 80.3 %.

The test revealed that 85% of those surveyed could not give the correct answer for what action to take when approaching a steady yellow traffic light. Only one in four knew the safe distance for following a vehicle.

If you can avoid young drivers and drivers from the Northeast you would avoid the worst drivers. While drivers in the Northeast scored the lowest, drivers in the Midwest did best on the survey. Washington, D.C. drivers had the lowest scores, and Wyoming drivers had the highest scores with only a 5% failure rate.

This annual survey polled over 5,000 licensed drivers from all 50 states and the District of Columbia with a 20-question test developed from the state department of motor vehicle exams. Make a careful review of your state's driving laws. Booklets are usually provided free of charge by your state.

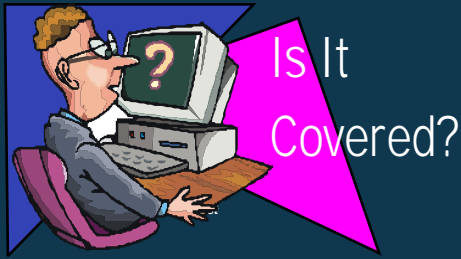
When It Rains You Need An Umbrella

Why an umbrella liability policy? Let's say that you have worked long and hard for the last twenty years and have saved some money that you wish to use toward your child's education and your retirement. Along the way, you have purchased a nice house in a good neighborhood. Your children both earn good grades in school and have a promising chance to get into a good college.

On the way home from work you are thinking about something that happened that day, and you fail to stop for a stop sign. This results in your colliding with a car and killing a mother of three children. Your insurance company pays the limits of your auto policy, and your homeowner policy offers no additional protection in this case. Now, all of those plans you had about college and retirement are at risk. If you have teenage drivers, who account for approximately 14% of licensed drivers, and 28% of fatality accidents, you have a huge threat to your future.

An umbrella policy provides worldwide liability coverage over and above that provided in your home and auto policies. Additionally, the umbrella policy will provide for defense expenses. Once your auto or homeowner liability limit is exhausted, the umbrella policy's protection will kick in to provide you additional coverage. Umbrella policies most frequently carry a \$1 million limit, with higher limits available. The umbrella liability policy premium is very reasonable. Give us a call and we will prepare a quote for you.





A continuing series of articles exploring different claim scenarios and a discussion of how it may or may not be covered.

Rental Vehicle Damage

A policyholder rented a truck to make a move from one house to another in the same city. The truck was a large box type with a gross vehicle weight of 25,000 lbs.

The policyholder agreed to fill the fuel tank completely before returning the truck. About a block before arriving at the rental agency the driver stopped at a station and pumped 22 gallons of gasoline into the fuel tank.

The next day the rental company called the policyholder and informed him that he had pumped gasoline instead of diesel fuel in the tanks and a significant amount of work must be done to clean out the system and replace the fuel.

The policyholder chose not to take out the insurance offered by the rental agency, instead relying on his own auto insurance to extend coverage to this non-owned auto. Upon receiving the claim report and after careful investigation the agent had to advise the policyholder that he would be responsible for the entire repair bill.

Under certain conditions the personal auto policy will extend non-owned auto coverage to any private passenger auto, pickup, van, or trailer. Notice that trucks are not included in this extension of coverage. Therefore, there is no coverage for this claim. You can check with your credit card company's rental car coverage or take out the coverage through the rental agency. Call our office with any questions.

An Unusually Active Tornado Season

Tornado season generally runs from spring through summer, but meteorologists tell us that tornadoes occur throughout the year given the right meteorological conditions (see <http://www.ncdc.noaa.gov/sotc/tornadoes>). In October 2001, *F-3 tornadoes, which marched across Indiana, Michigan, and Ohio, were the strongest tornadoes seen in these three states since an F-4 tornado in 1998. In October 2011, eight tornadoes rated *EF-1 to EF-3 spread devastation across Northern Arizona. Spring of 2011 witnessed one of the most devastating periods of tornado activity this country has ever experienced, resulting in billions of dollars in damage and hundreds of fatalities. How can we forget the tragedy in Joplin, Missouri?



Tornadoes occur throughout the world, but nowhere are they more prevalent than here in North America. Conditions suitable for the formation of a tornado develop when warm moist air from the Gulf of Mexico meets cool dry air moving south from Canada. Once ideal conditions appear, usually just before a low pressure system develops, the cold air from higher in the atmosphere blocks the warm air from rising up from the lower atmosphere. Warm air then rolls horizontally where the two systems meet, the sun heats the earth causing more warm air to rise, and the warm air eventually overtakes the cool air which starts to sink. This process results in horizontal rolling air that lifts, growing in height and increasing in speed.

Tornado Myths

- **Myth** - Opening windows equalizes pressure and reduces serious damage.
Fact - This is perhaps the most well-known tornado myth. Opening windows guarantees that damaging winds will enter the structure doing even more damage. Leave your windows alone and immediately go to a safe place.
- **Myth** - As it passes overhead the tornado causes buildings to explode.
Fact - Buildings are mostly damaged by wind and debris hitting their surfaces.
- **Myth** - I live in a big city and tornadoes don't hit big cities.
Fact - Tornadoes have hit many large cities including Dallas and Miami.

Tornado Signs

Weather forecasting is not an exact science, and effective warning systems are not always available. Staying informed about weather systems and knowing the signs of a tornado can save your life. Here are some things to look and listen for:

- Strong rotation in the cloud base.
- Swirling dust or debris on the ground under a cloud base, even if there is no visible funnel.
- Hail or heavy rain followed by either dead calm or intense wind shift.
- Loud continuous rumble or roar that doesn't fade away in a few seconds.
- Small bright flashes at ground level as electric lines are snapped by strong wind.

Tornado Safety

Know where you can take shelter in a matter of seconds, and practice a family tornado drill especially when small children are involved. Get in the basement under some kind of sturdy protection (heavy table or work bench), or cover yourself with a mattress or sleeping bag. Avoid areas where heavy objects rest on the floor above you. Be sure to have a battery powered radio and a communication device like a cell phone. Have a predetermined place to meet when it is safe.

In a structure with no basement, go to the lowest floor. Seek shelter in a small center room or interior hallway. Cover yourself with some sort of thick padding to protect against falling debris. Try to avoid windows. If you are in a mobile home, leave immediately and seek safe shelter. If safe shelter cannot be located, find a depression and lie flat covering your head with your arms.

Vehicles are extremely dangerous in a tornado. If the tornado is visible, far away, and the traffic is light, you may be able to drive out of its path by moving at right angles to the tornado. Otherwise, get out and seek shelter.

*The **Enhanced Fujita Scale (EF Scale)** rates the strength of tornadoes in the United States based on the damage they cause. Implemented in place of the **Fujita Scale (F Scale)** introduced in 1971, it began operational use on February 1, 2007.



The Information Age Delimna ... ID Theft

Hackers claim to have stolen nearly 180 passwords from an Atlanta-based FBI affiliate. Gmail hack, phishing finger pointed at China. Another hack at Sony. Citigroup says hackers accessed credit card data on 360,000 cardholders. Nintendo says US server breached. From the federal government to a toy company, the story of computer hackers breaching security is becoming all too common. Nearly 10 million identity thefts happen in the U.S. each year.

We have challenged you in the past to use good judgement when protecting your personal information. Each piece of information that identity thieves can get their hands on is another window from which they can see into your life. Like a puzzle, each piece makes the picture clearer and puts you more at risk. Unlike exercising personal discipline to protect our identity, we are exposed to the threat of our information being hacked from companies with whom we do business, a trend that is totally out of our control.

Social networking sites are the new frontier for information mining. Usually there is standard information that these sites require when you sign up for their service. Oddly enough, your name isn't that crucial when it comes to identity theft, but it does give identity thieves a place to start. Add to your name, your city and date of birth, your residence city, and your mother's maiden name, and you have provided a hacker with valuable information. Use fictitious dates and locations to circumvent a hacker's search for your information. Recognize hoaxes like phishing emails that ask you to click on links, or whose email addresses don't seem quite right. In just a few minutes, the social networking fisherman will have all the information he needs to make your life miserable.

No financial institution will ask you to confirm any information by email. Learn to recognize fraudulent websites. Some identity thieves go so far as to create a look alike website of major companies as a way to fool you into providing your information. Be suspicious of a site where the company name is not at the beginning of the web address. Fake sites generally include little to no contact information, or information that is inaccurate. If you are still not sure, google their company name with the word "scam" included and see what turns up.

Aside from using common sense when on your computer, make sure that you are using quality, up to date virus protection. Use the software's automatic option for updating new virus definitions. Regularly run software to remove spyware or adware. Microsoft now offers its microsoft security essentials as a free download. There are many tried and tested spyware and adware programs on the internet like spybot, malwarebytes, and adaware, to name just a few. Of course all of the fancy software you can install on a computer will do no good if you do not play an active role in running those programs regularly and keeping them up to date.

We can also play an important role in managing your identity. A number of home insurance companies cover identity theft, either as a separate policy or an endorsement. With most policies, this coverage provides the victim reimbursement for expenses lost during the process including phone bills, lost wages, mailing costs, and pre-approved legal fees. Fraud specialists are often provided to walk the victim through the process of restoring their identity. According to the Insurance Information Institute, adding an identity theft endorsement to your home or renters insurance policy costs between \$25 and \$50 annually.

| Risk Level | Information Type |
|------------|------------------------|
| Low: | Full Name |
| Low: | Address |
| Low: | Phone Number |
| Med: | Date of Birth |
| Med: | Place of Birth |
| Med: | Mother's Maiden Name |
| High: | Social Security Number |
| High: | Bank Account Number |
| High: | Credit Card Number |
| High: | Pin Numbers |
| High: | Passwords |

Replacement vs. Additional Vehicle

One of the most common requests for service occurs when a policyholder replaces or purchases a new vehicle. The auto policy's automatic extension of coverage depends on whether your new purchase is a newly acquired additional vehicle, or a replacement for a vehicle already on the policy.



If you purchase a vehicle to replace one that is already on your policy, you will have the same coverage for this new vehicle that you carry on the vehicle it replaces. If the vehicle that is being replaced has no physical damage coverage, and you fail to advise us promptly, the new vehicle

will not have physical damage coverage either. If your new vehicle is in addition to the vehicles you currently have on your policy, and you have all vehicles registered in your name insured with the same company, then the new additional vehicle will have the broadest coverage you presently carry on that policy.

Depending on the policy, you have between 14 and 30 days of purchase to advise us of your new purchase for these automatic extensions of coverage to apply. Certain other conditions also apply. To be safe, always give us a call before driving off in your new car.

Is Your New Car A Statistic



The National Insurance Crime Bureau (NICB) is providing a service to the public called VINCHECK.

VINCHECK is a system that cooperating insurance companies use to report vehicles that are stolen and not recovered, or vehicles that have been reported as a salvage vehicle.

To perform a search the vehicle identification number (VIN) is required. NICB will allow you to conduct up to 5 searches within a 24 hour period.

Take advantage of this free service when buying a vehicle. Follow the link below to perform a search.

https://www.nicb.org/theft_and_fraud_awareness/vincheck/vincheck

Auto Theft Hot Spots In The Midwest

Cities are ranked according to thefts per registered vehicles.

| City | Rank |
|------------------------------|------|
| Kansas City KS/MO | 39 |
| Indianapolis | 42 |
| Memphis | 49 |
| Springfield MO | 52 |
| Omaha-Council Bluffs area IA | 64 |
| Cleveland | 82 |
| Toledo | 84 |
| Louisville | 96 |

New Technology Demands Different Coverage

The furniture is the same, most of the employees haven't changed, and we still have most of the customers we have had for years. Despite all of these constants, the technology that must be

employed to meet customer's needs has changed dramatically.

The typewriter is almost non-existent. You may be able to find an old Smith Corona Selecta-Type hidden away in the storage room, but those vintage machines have been replaced by the personal computer. The dry cleaner now uses a shirt pressing machine to save a little labor time pressing your dress shirt. Lasers do everything from aiding in precision cutting to marking levels on large construction sites. Lasers are also utilized as switch mechanisms. Additionally, there is standard plumbing, heating, and electrical systems that are subject to breakdowns. The potential for mechanical breakdown exists in every business.

Twenty years ago, the typical losses were from boilers, air conditioning, and refrigeration equipment. Today, electrical wiring and electronic equipment produce the majority of losses. The primary cause of these losses is electrical line disturbances like power surges. Virtually all businesses today depend on delicate equipment that needs insurance protection. The repairs to this very specialized equipment require high tech repairmen with specialized skills. Specialized equipment and parts are necessary. Due to the


rapid obsolescence of equipment and their parts repairs can be very expensive.. In some cases total replacement is required.

The differences in equipment exposures are clear. In the past, the business owner worried about the boiler in the basement or the large rooftop air conditioner. Today, every business has equipment that is exposed to loss and can now be covered by the expanded boiler and machinery policy. Something as simple as a broken cash register or computer can cause a serious business interruption and loss of income. In addition to the basic equipment, like boilers and machinery, today's coverage includes electronics, communications and data systems, diagnostic equipment, security systems, building controls, and other modern devices.

As technology becomes more complex, business practices, such as just-in-time delivery, leave little room for delays from equipment breakdown. Components such as computer numerical control (CNC) machines and programmable logic controls (PLC) are vulnerable not only to electrical damage, but also to dust and debris that can be part of the production process.

Clients are surprised to learn that their commercial package policy does not automatically include this coverage. The typical insurance policy is designed to pay for losses from accidents that do not include breakdown of equipment. Whenever there is a concentration of equipment, the equipment breakdown coverage should be considered. While the coverage comes with a cost, the loss of income alone can be much more expensive than the breakdown itself.

Managing Safety: Start With A Game-Plan



The approach to managing safety performance is no different than a successful business plan. The success of an easily managed plan results when safety issues fit directly into your management strategy. This allows you to gain better control of safety processes without drastically changing your operation.

Experts advise that involving employees in the planning process, and soliciting their feedback throughout the project, will guarantee their dedication and will effectively spread the responsibility of safety management throughout the workforce.

A successful safety plan should include:

Management Involvement - Management must prepare and enforce a policy statement regarding the company's position on employee safety. Regular meetings and meaningful goals should be a part of any plan.

Assign Responsibilities - Make department heads and supervisors accountable for their areas of responsibility. Provide rewards when safe behavior is observed.

Identify, Then Control Hazards - Have a safety inspection program and a process for employee reporting. Make sure you implement timely follow up to correct identified hazards.

Training - Supervisor and employee training should be emphasized in high hazard exposure areas. Regular employee training is absolutely necessary.

Intervention - Establish medical procedures for handling injuries, accidents, and emergencies.