

The Insurance Advocate

Newsletter

Provided as a
Free Service For
Our Clients

February
2011



inside

Your Home Business	_____	pg 2
Is My Car Totaled?	_____	pg 2
NHTSA's New Ratings	_____	pg 3
Insuring Special Property	_____	pg 3
Business Insurance	_____	pg 4

Residential Candle Fires Cause Over 150 Deaths Each Year

Retail sales of candles have grown at least 700% in the last ten years according to the National Candle Association. While candles can create atmosphere or spread soothing aromas, candle fires are responsible for an estimated 23,600 residential fires each year causing over 1,500 injuries and 165 fatalities.

Candle usage and candle fires follow seasonal trends with thirty-five percent of candle sales occurring during the winter holiday season and twenty-four percent of candle fires occurring in December and January.

The National Fire Incident Reporting System (NFIRS) reports that the majority of candle fires result from error or negligence. Over half of such fires result from placing a candle too close to combustibles. Twenty-one percent of residential candle fires involve an unattended or unsupervised individual.

Twelve percent of candle fires occurred when the candle user fell asleep. Most candle fires occur in the bedroom, followed by the living and family rooms.

You may think it is only a candle, but candles killed over 150 people last year. Common sense and a few preventative steps can protect your property and loved ones.

*The Massachusetts State Fire Marshal developed a program called **Candle Circle of Safety**. They recommend:*

1. Burn candles inside a 1-foot circle of safety, free of anything that can ignite.
2. Extinguish candles after use.
3. Keep candles out of reach of children and pets.
4. Use a sturdy metal, glass, or ceramic candle holder.
5. Never leave a candle burning unattended.

Have a Life Changing Event?

What life changing events have you experienced that merits a call us about your life insurance?

- ✓ Marital Status
- ✓ Childbirth or Adoption
- ✓ Changing Employment
- ✓ Buying a New Home
- ✓ Starting a Business
- ✓ Change in Retirement
- ✓ Responsibilities for Elderly Parents
- ✓ Change in Employment Benefits

Whatever the reason, make sure you reflect at least annually on your life insurance needs and call us if you need help. We promise to do what is best for you and your family.

A friendly smile is the
lubricant for the friction
encountered on life's path.
~ Unknown

Far away in the
sunshine are my highest
aspirations. I may not
reach them, but I can look
up and see their beauty,
believe in them, and try to
follow where they lead.
~ Louisa May Alcott



Is It Covered?

Property
of Others

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

Coverage for damage to another person's property is found in the liability section of your policy, generally titled "Section II Additional Coverages."

Section II of your homeowner policy involves liability coverages. The purpose of this coverage is to provide a limited amount of coverage when an insured either directly or indirectly damages another's property.

An example would be your child who accidentally throws a wild pitch into the neighbor's window. This event would be considered a direct cause. An indirect cause would be if your rotting tree limb broke off and crushed your neighbors fence.

This coverage is commonly referred to as good neighbor coverage, as it allows payment without a need to prove any negligence. Coverage is limited to \$1,000. This section exclude damage caused by the ownership, maintenance, occupancy, operation, use, loading or unloading of any watercraft, aircraft, hovercraft, or motor vehicles.

This should not be confused with the property coverage found in Section I of the homeowner policy. Section I coverage applies to property owned or used by an insured. In effect if an insured borrowed an item belonging to someone else and a covered peril caused damage to that property, there would be coverage.

Section I also allows the insured to elect to extend coverage to include property of guests and resident employees in the insured occupied residence.

Is My Car a Total Loss?

There are three main things considered when determining if your insurance company will total your vehicle after a crash. If the cost of repairs exceeds the fair market value of the vehicle, minus the amount the vehicle could bring in if salvaged (i.e., sold for parts to a scrap yard or to a salvage yard), then the insurance company determines that the car is totaled. For example, if repairs would cost \$5,000 and the fair market value of the car is \$5,700, but the vehicle in its current condition could bring in \$1,000 from a salvage yard, then the insurance company would "total" the car because they would only lose \$4,700 instead of \$5,000. The insurance company would pay you \$5,700 then receive \$1,000 when the car is salvaged.

Concern about hidden damage can result in a decision by the company to total your car because of suspected additional repair costs that would probably drive up the cost of repair well above the car's fair market value.



Rental Car Insurance

When you rent a car you are liable for injuries and property damage you cause to others. You are responsible for damage to the rental car regardless of fault. With some restrictions, your insurance policy will cover you in your policy territory (United States, its possessions and territories, and Canada) if you injure someone or damage their property. In most cases, your auto policy will also cover damage to the rental car if you carry comprehensive and collision coverage on at least one of your covered autos.

If you plan on your credit card covering damage to your rental car, read the fine print. Some provide coverage only after you prove there is no coverage under your personal policy. Some cards actually have dollar limitations and very restrictive coverage.

Insuring Your Home Business

The homeowner policy is very specific about having no intention to cover the exposure of a business from a residence. There is wording in both the property and liability sections of the homeowner policy that exclude coverage for any type of business operation.

As a general rule, only specific types of businesses are appropriate for a homeowner business endorsement attached to your homeowner policy. These endorsements vary considerably from one company to the next so this article speaks only in general terms. It is important to contact us directly about your specific business exposure.

When applicable these endorsements can deal with the two major concerns of most types of home business - liability coverage for someone getting injured on the premises when work related and coverage on home business property.



An example of a home business exposure not covered by the homeowner policy is baby sitting or child care. Another exposure might be a barber or beauty shop. With the addition of the appropriate endorsements, some small operations like these can coverage extended from the homeowner policy. Both coverage for liability and business property can be endorsed.

An important consideration is if the business pursuit operates from a separate structure on the residence premises. The homeowner policy clearly excludes coverage for a separate structure from which a business pursuit operates. This is an important consideration because if a separate structure involves a business then separate property coverage would need to be secured for that particular building which can easily be accomplished in a number of ways including a commercial property policy.



Let's Save Some Money

In today's tough economic environment we are looking for ways to lessen the impact of insurance premiums. There are a number of ways that we

can help you do this without compromising the quality of your coverage.

Our first recommendation is that you always call us before you buy your next car. You might be surprised at the difference in premium from one car to the next. Reasons for this difference range from the car being considered a sports model to the costs of repair due to unique, or difficult to acquire parts. Many models also have worse than average injury statistics, which increases the costs associated with physical injury and recovery.

Look for a car with automatic restraints, especially air bags. Many companies give special discounts for air bags, anti-lock brakes, and passive restraint systems.

Your driving record is of paramount importance. Companies are systematically reviewing all of their policyholders, some on a monthly basis, ordering motor vehicle reports, and reviewing claims history. Your driving history is probably the single most important factor on which your rates are based.

If your car is older, you might want to consider dropping comprehensive and/or collision coverage. If your automobile is only worth a couple of thousand dollars, and you carry a \$1,000 collision deductible, it does not make much sense to carry collision coverage. What if you buy that dream car you have always wanted - the one that costs the equivalent of a small house? It stands to reason that high value cars are expensive to insure. Here is where utilizing a large deductibles is smart. Taking a \$500 or \$1,000 deductible makes sense and saves you money.

Do you have a youthful driver in your household? If so, make it a requirement that he/she carry at least a "B" average in school as a prerequisite to drive. Not only are the rates for these young drivers significantly cheaper but the loss experience for these drivers is much better than for the average youthful driver.

We know making ends meet at this time can be particularly difficult. Part of our commitment to you includes finding ways to provide you the best policy possible in terms of coverage, company, and cost.



New Five-Star Auto Safety Ratings

The National Highway Traffic Safety Administration (NHTSA) unveiled an enhanced 5-Star Safety Ratings System for new vehicles and released the safety ratings for the first model year 2011 vehicles tested under the program. The upgraded ratings system will

now evaluate side pole crash testing and crash prevention-technologies. For the first time, the NHTSA will use female crash test dummies to simulate crash scenarios involving women, not just men. "Through new tests, better crash data, and higher standards, we are making safety ratings tougher and more meaningful for consumers," said to Federal Transportation Secretary LaHood. Because so many vehicles had reached the highest rating under the old rating system, and because new standards are more rigorous, many of the highest rated autos under the old system will now have a lower rating.

Not every vehicle manufactured is tested. For model year 2011, NHTSA will test 24 passenger cars, 20 SUV's, two vans and nine pickup trucks. The new system will also utilize an Overall Vehicle Score for each vehicle tested. The Overall Vehicle Score combines the results of the frontal crash test, side impact test, and rollover resistance test and compares that data with the average risk of injury.

NHTSA recommends that consumers seriously consider automobiles with crash avoidance technology such as forward collision warning (FCW), lane departure warning (LDW), and electronic stability control (ESC).

For more information about safer vehicles visit www.safercar.gov.

Why Insure Specialty Items of Property



Many people have personal property of special value or interest. The homeowner policy covers personal property for specific named perils. Many times these items of special interest require special coverage.

Examples of property items that would be of consideration are jewelry, fine arts, and collections. To illustrate, if you dropped a fine piece of china and it broke into a hundred little pieces it would not be automatically covered under the homeowner policy. The inland marine floater could provide you with coverage for this type of accident.

Another case would be a lost stone from your wedding ring. You simply looked down one day and saw that your diamond was missing with no idea of what happened. The homeowner policy requires a loss to be identifiable with regard to time and place. In this case of mysterious disappearance, the inland marine floater would once again provide coverage.

These are just two examples that may apply to your situation. Give us a call to discuss this further.

Overlooking Insurance Needs is a Gamble Not Worth Taking



So Many Things Could Go Wrong

Every business has its own unique risks and values. Deciding what coverages to buy or what to forgo depends entirely on what you have to protect.

Property, liability, and workers' compensation are the "big three" in commercial insurance protection. Fines for those who neglect their workers' compensation responsibilities could be substantial.

In some states this coverage is purchased through insurance companies, while in other states coverage is purchased from directly through state governments or group rating plans.

Most businesses will need proof of property and liability insurance to operate. Property insurance protects owners from losses for damage or theft of property. There are three main component of property insurance. First, the building occupied by the business, whether owned by the business owner or required by the business owner's lease, should be covered.

Second, your property insurance program should cover your businesses personal property (BPP). Your business personal property includes everything from your inventory to machinery,

shelving, office furniture and often overlooked items like artwork. BPP includes coverage for the items inside your building. If the business has property items that are taken off premises, coverage in the form of inland marine coverage is necessary. If your salesman has his laptop stolen at the airport, and it is covered by an inland marine policy or endorsement, the loss will be covered. However, it would not be covered by the BPP alone.

The third component of property insurance is business continuation insurance, also known as business interruption coverage. In the event of a covered loss, business continuation insurance could pay for replacement of profit and extra expenses incurred during the period of restoration.

Liability insurance provides coverage for bodily injury, damage to another person's property, personal injury, and false advertising. This coverage will protect you if a visitor is injured on your property. If a product you manufacture causes an injury, and you have chosen to include product liability as part of your package then your coverage would work to protect your interests. Also, to be considered in your liability package is auto insurance as it applies to your operation.

Too many people enter into a business without giving careful consideration to all of their insurance needs. Let us help guide you through the intricacies of this part of your business venture.

Safe Driving Behavior

Employers and employees need to address the issues associated with automobile accidents. Every year nearly 40,000 people lose their lives in vehicle accidents. Over twenty percent of workplace fatalities result from automobile accidents.

Performance Management Consultants recommends compliance with the 4-A's of driving.

Anticipate what could possibly go wrong and be focused on driving to avoid mishaps.

Adjust to changing circumstances such as traffic congestion or changing weather.

Assume nothing. Don't assume that traffic will continue moving or that a car won't change lanes into your path.

Allow no distractions. Drivers must avoid anything that takes their focus off of driving.

Mr. Ingalls of Performance Management, a national consulting and research firm, suggests that if employers would institute just two actions, educating employees about good driving principles and management's expectations, accidents would be reduced by more than 50%.



A recent poll of safety professionals, conducted by the National Safety Council, asked, "In your opinion, which behavior is most important to address in a driver safety program."

Distractions	40%
Aggressive Driving	22%
Drinking	13%
Seatbelt Use	12%
Speeding	7%
Drowsiness	4%