



State Guarantee Associations Just What Do They Do?

State guarantee associations are nonprofit organizations that were created to protect policyholders resulting from the inability of their insurance company to meet its obligations due to its insolvency.

A guarantee association assumes responsibility for paying claims for that insolvent insurer. The State regulatory agency that provides oversight for

insurance companies will have placed the insurance company under State control and will seek to liquidate the assets of the insurance company in a way that will yield money available for claim payments. At the point when these liquidated assets are insufficient to handle all claims of the insolvent insurer, the guarantee association dips into its reserves to pay claims.

Insurance companies are required to be members of the State's guarantee association as a condition to be licensed in a particular state. The guarantee associations assess all licensed insurance companies operating in the state and use these assessments to pay the claims of an insolvent insurer. This system requires competing insurance companies to protect each other's policyholders through this financing mechanism.

While this safety net is in place there is never a guarantee that the fund will be able to cover 100% of a potential recovery. Each state has its own statutory limits up to which it guarantees claim payments.

Where To Find Insurance Co. Ratings

There are various firms, that make independent analysis of insurance companies. They provide limited information for free on the internet.

www.ambest.com

www.demotech.com

www.standardandpoors.com

You can also contact your state's insurance department for more information on a particular company that is licensed to conduct business in your state.

Backup of Sewers & Drain Coverage

Water can enter your home in other ways than actual flooding. The most common water related loss occurs when water backs up through sewers drains or sump pumps. The damage can be devastating easily amounting to tens of thousands of dollars in damage.

You can avoid the flooding hazard by not living near a body of water. You can reduce your risk to basement water by proper drainage including landscaping and gutters.

For actual flood damage you need to buy a policy offered by the National Flood Insurance Program. For damage caused by water which enters through sump pump or drain you can buy sewer and drain backup coverage through an endorsement to your homeowner policy. These endorsements do vary substantially from company to company.

The Sewer and Drain Backup coverage endorsement covers water damage, including cleanup. The coverage is activated by water which backs up through your sump pump either due to power outage, failure of the pump to keep up, or backup from a sewer.

Call us with any questions you may have about this valuable coverage.



Renting A Car

Do your vacation plans include renting a car? If you have collision coverage, and comprehensive coverage (also known as "other than collision"), on your own insured vehicle, you are most likely covered for damage to the rental vehicle. Your auto policy is limited to providing coverage only in the United States, territories and possessions of the United States, and Canada. For liability most policies (except business policies) cover a temporary rental car that you drive at no additional premium. Business autos require additional coverage that is not automatically added. There are additional endorsements and modest premium charges added to your business auto policy to afford liability and / or physical damage coverage to a rental car.

Give us a call before you rent to confirm your coverage.

