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Staying in touch

Keeping you informed on *Personal Insurance* issues



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Brushing Up on Everyday Insurance Terms

The insurance business, like most industries, has its own often confusing jargon. To help you gain a better understanding of your policies, and of insurance in general, here are some common insurance terms and their definitions:

Deductible—a specified dollar amount that is deducted from the amount of loss payable for a claim made on the policy. For example: If an auto insured on a policy with a \$500 deductible sustains \$800 worth of damage, the policyholder pays the first \$500 and the insurance company pays the \$300 balance.

Endorsement—an amendment to an insurance policy that provides coverage for special circumstances not included in the basic contract, usually for an additional premium. An endorsement is generally printed on a separate page or pages and attached to the main policy document.

Floater—an endorsement to a **homeowners policy** that provides coverage of personal property (not real estate) beyond the limits or terms of the basic policy. Used especially when the policyholder has personal property of unusual value.

Limits—the largest total amount the insurance company will pay for covered losses. Many policies have *multiple* limits—a certain amount per person,

another amount per accident, and, sometimes, an aggregate limit for all losses paid during the policy term.

Exclusions—provisions of an insurance policy that specify what will *not* be paid for by the company.

Declaration (Declarations Page)—normally the first page of a policy contract. It includes the insured's name, how much insurance is being provided, and how long the coverage is in effect.

Schedule/Scheduled Property—a separate listing of specific items of property covered by endorsement to an insurance policy, stating the exact dollar value of each.

Liability Insurance—covers a person or company against losses for which they are held legally responsible to another party or parties. It also provides for expenses the insurance company incurs to defend the policyholder in court.

Umbrella Policy—a type of liability insurance that provides coverage for large losses that are in excess of the limits of standard liability policies.

Feel free to give us a call or stop by anytime. We are always here to offer detailed explanations of your policies and to answer any questions you may have.

Safety First: The New Way to Go!

If you're looking to buy a new car, you probably have several things in mind, including price, comfort, looks, performance, and gas mileage. Another important factor that is usually high on potential buyers' priority lists is *safety*. A safe vehicle not only protects you and your family, but you may also end up saving premium dollars on your auto insurance.

A vehicle's year, make, and model have a lot to do with the cost of insurance. Whether your vehicle is a car, van, or truck, its design, engineering, and safety features can make a big difference in how it is rated. Broadly speaking, the higher a vehicle's safety rating, the lower its insurance premiums. Here are some features that can affect a vehicle's overall safety: **airbags, anti-lock brakes, structural reinforcement, and vehicle size and weight**. Even if your vehicle's safety features do not directly affect insurance costs, they may help to minimize the risk of accidents.

Buying a New Home? Do Your “Homework”

Before buying a new home, you'd be wise to do your “homework” to avoid taking on some problems that your **homeowners insurance** may not cover. Having a home inspection is an important step when contemplating the purchase of property. A professional inspector should be familiar with building codes and able to determine if any problems exist, or if the house is “up to code.” Be sure to accompany the inspector to your prospective new home and watch as he or she examines these often overlooked problem areas:

Pipes—One telltale sign of problem pipes is small bits of metal remaining in the bottom of a plugged sink after you have filled it with hot water. These metallic specks usually reflect light, even in metal sinks, and they may be an indication of corroded, galvanized, metal pipes or a rusting water heater. In addition, you should check the water pressure by running all faucets and flushing all toilets. If the water flow is slow, a plumber should be able to determine if clogged pipes are the cause.



Furnace/Water Heater—The inspector should check for moisture at the base of the water heater and look for holes in the heat exchanger of the furnace. Even a small hole could allow toxic exhaust fumes to spread through the house. Many gas companies will check heat exchangers at no charge. Also, the attic should be inspected for loose pipes or air leaks.

Electric Outlets—Every outlet should be examined after removing the cover plates. Don't attempt this yourself, as the sockets must be grounded with a ground wire (usually an insulated copper wire connected to the same side on each outlet). In addition, look for GFI (ground fault

interrupter) circuitry in all bathrooms, as well as in the kitchen. A GFI quickly cuts off power when an electrical appliance, such as a hair dryer or radio, touches water. If your prospective home doesn't have such circuitry (as may be the case in some older houses), it will need to be installed.

Water Drainage—Be on the alert for water in the basement or under the house, slightly depressed damp spots on the ground around the house, and watermarks above floor or ground level on the basement's foundation walls. Clogged gutters or poor grading of the property may be a cause of bad water drainage, and re-grading could be very costly. If re-grading isn't necessary, a pump may be sufficient to draw out water below grade level. As a condition of the sale, you might consider requiring the owner to bear this cost.

Dry Rot—Inspect under tile, linoleum, decks, and the support beams under the house. Look for a coating on the wood, often black or yellow in color. When wood is infected, it is often soft and yielding to a prod from a screwdriver. Be sure to lift the edge of any loose tiles and linoleum corners to check for dry rot.

Floors—Getting to the bottom of floor problems may necessitate peeling back the carpets if a serious defect is suspected. Extensive cracks in a cement floor or uneven or damaged wood floors may be lurking under carpeting. Being on your toes, literally, can locate a problem. Walking carefully in stocking feet over the entire floor may help detect floor separations and cracks. Floor supports should be inspected from underneath, either through a crawlspace or from the basement. Check the joists and columns under the house for dry rot, cracks, or loose beams. Also, test sloping floors with either a rubber ball or a large level.

Key Concerns

There are two “keys” to securing good protection from problems. The first is to take advantage of a professional inspector's expertise to thoroughly inspect your prospective home and help ensure it doesn't turn into a “money pit.” The second is to have the best insurance possible to protect your family and your new home. Give us a call. We can help you create a strong “foundation” for your new home with the proper homeowners policy.

Did You Know?

Backyard Safety

According to the Home Safety Council (HSC), many home injury risks can be found in the backyard; however, only 3% of participants in the 2008 survey ranked backyard injury among their top home concerns. Over 80% reported having a backyard, but 40% have not taken any steps to prevent injuries in the area outside their home. The most common injury risks identified by the HSC occur around outdoor cooking grills, playground equipment, and swimming pools.

Vehicle Theft Trends

The National Insurance Crime Bureau (NICB) reports that the 1995 Honda Civic was the most popular stolen vehicle in the U.S. in 2007. Data from the National Crime Information Center (NCIC), used for the NICB “Hot Wheels 2008” report, confirms that older models have remained the focus of thieves over the past several years because these provide the best market for stolen vehicle parts. The good news is that the NICB also indicates that motor vehicle theft is headed for an 8.9% decrease from 2006.

Paper Recycling

According to the American Forest & Paper Association (AF&P), 87% of the U.S. population, or 268 million people, had access to curbside or drop-off recycling programs in 2007. The 2007 AF&P Community Survey suggests that communities with existing recycling options are adding paper and paperboard categories to their programs, which will be an important factor in helping to achieve the industry's goal of recovering 60% of the paper consumed in the U.S. by 2012.