

Greetings! My little granddaughter Sofia Isabel, age 2 in 2 weeks is visiting here from Seattle. She knows all about snow from Frosty the Snowman but has never experienced it for herself. If you have never seen a little two-year-old experiencing snow for the first time—rolling in it, packing it, laughing—you've missed something really special. For me, it definitely is one of the great memories of my life!

I hope you had a warm holiday season with friends and family. Here are some things I would like you to know about in order to continue to best manage the risks in your life.

**AVOID "QUACK"  
INSURANCE  
COVERAGE**

I have new clients Joe and Carol for whom I was recently auditing their insurance program and discovered a "cancer" policy in their portfolio that pays only for medical expenses from cancer. They had made a decision from a place of fear and made a bad decision (Joel had a close relative die from cancer incurring thousands of dollars in expenses.)

In the case of cancer insurance, one is "betting" that if he has a major medical expense it will only be from cancer. Not smart and definitely not really insurance. If your concern is about major medical bills exhausting your coverage, buy excess medical insurance that covers all illnesses and injuries—not just one or a few.

***Remember: buying insurance that only covers part of the risk is not really insurance but a bet.***

**OTHER EXAMPLES  
OF "INSURANCE  
BETS" TO AVOID**

- Extra cash for disabilities only when you're in the hospital.
- Extra life insurance that pays only if you die accidentally.
- Mortgage disability insurance that makes the mortgage payment only when you are disabled from an accident.
- Double and triple indemnity airport policies that you buy when you fly.
- Rush-hour liability insurance that doubles your coverage only for an accident that you cause between 6:30 a.m. to 8:30 a.m. or between 4:30 p.m. to 6:30 p.m.
- Buick medical insurance – pays only if you're injured while riding in or struck by a Buick.
- Monday, Wednesday, and Friday insurance etc.

(I'm sure you get the idea. How about you? You have any "Insurance bets" in your portfolio of insurance policies? Call me if you'd like to talk about it.)

**ONLINE COMPUTER  
COVERAGE FOR  
JUST \$120 A YEAR!**

When recently reviewing an insurance program, I discovered a client purchased an online computer policy covering his \$2,000 laptop computer. Another client, through the same online source, insured \$12,000 of computer hardware for \$600 a year. Best of all, there was no deductible!

**HOW GOOD A DEAL  
WAS THIS?**

You be the judge. Had the same clients schedule their computer on their Homeowners policies. In most companies, the cost would have been \$10 a year for the \$2,000 computer and \$60 a year for the \$12,000 computer set up.

A word to the wise! Don't buy insurance online—period—at least not until you check with me or Carol.

**A NEW TWIST ON  
IDENTITY THEFT  
INSURANCE**

I'm enthused about a new coverage coming in the insurance market. It's a big improvement because it fixes the problem that I have had with existing identity theft coverage available today. It only pays for the reimbursement of your out-of-pocket expenses. Nothing else.

**BACKGROUND**

The nightmare about having your identity stolen is not really the out-of-pocket costs for restoring your credit or getting rid of a debt that you didn't cause. That's pretty well covered by laws protecting against credit card and checking account abuses by others. Coverage for the reimbursement of those costs has been available from insurance companies as "Identity Theft" insurance. But the real hassle is in knowing what steps to take to fix the problem: Who to call; What letters to send and to whom; etc. Identity theft insurance provides no help for those things. It's for this reason that I haven't been a strong advocate of clients buying identity theft insurance until now that something better has come along.

**VOILA! IDENTITY  
RECOVERY  
INSURANCE!**

A new coverage that does more than just reimburse expenses. It provides full case management services from professional people who know the ropes on how to make the whole process of "restoring you" relatively painless. Twelve months of unlimited coaching. All that in addition to expense reimbursement of typically \$15,000-\$25,000. (Consider that without this help, the average amount of time a victim of identity theft spends recovering their identity is 175 hours. I'm guessing that with this case management help, the average time is going to drop to about 20 hours.)

**NOT ALL COMPANIES  
OFFER IDENTITY  
RECOVERY  
COVERAGE YET**

It's a brand new coverage just being introduced. Here's a table summarizing what's available from your insurance company and any costs associated with the coverage. If your company doesn't have the coverage yet, sit tight. It probably will have it for you in the next 12 months.

Insurer	Coverage	Annual premium	Includes identity recovery coverage?
Western National	\$10,000	Built-in	No
Auto-Owners	\$15,000	\$25	Pending
Farmers Home	\$15,000	Built-in	Yes
MetLife	\$25,000	Built-in	Yes
Safeco	Not available		
Harleysville	\$5,000	\$50	No

Western National, Farmers Home, and MetLife (Grand Protect program only) all include identity theft coverage automatically with their Homeowner's insurance policy at no additional premium. The latter two insurers also include full "Identity Recovery" coverage up to 12 months. Auto-Owners and Harleysville offer only identity theft coverage at this time and that must be requested and paid for separately. Safeco has no immediate plans to include any coverage.

(Thanks to Randy Macey for his excellent research.)

**THE BEST WEB SITE  
I'VE EVER SEEN ON  
IDENTITY THEFT**

Sponsored by the Federal Trade Commission. Tips on prevention. Plus steps to take following a theft. Go to [www.consumer.gov/IDtheft](http://www.consumer.gov/IDtheft) . Then click on "Take Charge: Fighting Back against Identity Theft."

**GETTING PAID TO  
GET FIT!**

If you have an individual or small group health insurance policy from Blue Cross, they will reimburse you up to \$20 per month of the monthly membership costs if you work out at a participating fitness center just eight times a month. For a list of the centers, go to Blue Cross web site [www.BlueCross.com](http://www.BlueCross.com). Click on "Your Health Plan". Or you could just call your fitness center to see if they participate.

**A FEW EXAMPLES  
WHERE MY RISK  
MANAGEMENT  
SERVICE MADE A  
DIFFERENCE  
RECENTLY...**

- Helping a couple, following a recent job change, decide which of the various group insurance programs available from their two employers was the best coverage and the best pricing for their family. The result was better coverage than they would have chosen on their own and at a savings of \$3,000 per year in premium.
- Helping a client choose whether or not to buy additional life insurance at his own expense through his employer's group insurance program.
- Analyzing a client's group disability insurance coverage and helping him discover that his policy provided only \$600 a month benefit instead of the 60% of salary that he thought he had. Then helping him plug that gap with the right kind of supplemental disability policy.
- Pointing out to a client who shares ownership of his parents' home along with four siblings, that his financial interests in the property, as well as his liability exposures as the co-owner, were uninsured. Helped him get his 20% ownership in the home now insured. Also helped him arrange the necessary liability insurance and negotiate with the umbrella underwriter to bend their rules and agree to extend coverage to his parents' home.
- Coaching a client at claim time how to document the pre-accident value of her total loss vehicle, enabling her to collect an additional \$1,000 more than the adjuster was originally offering.
- Coaching another client who was unable to find a contractor to repair her damaged roof for the estimate and the claim check she had received from the insurance adjuster. Sharing with her a couple of steps that she could take which ended up getting her out of the middle and leading to a relatively quick agreed price and settlement between the adjuster and the roofer.
- Reading a contract between a client and a moving and storage company to discover that the mover's liability for damage to his property in the move or in storage was limited to \$.60 per pound (i.e., \$36 for \$4,000 big-screen TV weighing 60 pounds!) And then providing the client with risk management advice to help him avoid that contractual restriction.
- Helping a client identify all the risks associated with their building a retirement home in northern Minnesota, including reading and identifying risks found in the construction contract with the builder. Discovering the responsibility for the builders risk insurance, theft of building materials, construction site injuries, and possible lien waivers from subcontractors etc. Then helping the client to make the right decisions to properly protect themselves from all those risks.

I share these examples with you both to help you appreciate the importance to you of my risk management expertise that you pay for each year with supplemental annual fees, but also to make you aware of the kind of help I'm capable of so that when these kinds of risks come into your life you will know to contact me.

**A FOLLOW-UP  
REQUEST TO THOSE  
APPLYING FOR  
PART D. MEDICARE  
COVERAGE OF  
PRESCRIPTION  
DRUGS**

In my last newsletter, I told you all the things you needed to know to apply for the coverage, how to discern which options were best for you, and how to code my name so that I can act as your agent and help you with any problems you might have along the way. I forgot one really simple thing—I forgot to ask you to mail me a photocopy of the application so we would have something to follow up on for you if there's a problem and something for our permanent records for future reference.

If you still have a copy, would you please photocopy it and mail it to Carol Bechay in my office? If you haven't yet mailed the application, please mail or drop off the originals to Carol who can make copies for our file and forward the originals on your behalf to the proper place. Thank you so much.

**THERE'S A FLAW IN  
MINNESOTA'S  
BUILDING  
ORDINANCE LAW  
(STATUTE NUMBER  
65A .10)**

It's a common perception that Minnesota has a statute that requires insurance companies to rebuild not only the entire house in a total loss but also to pay the extra costs required for any construction upgrades mandated by local building ordinances.

The good news is that the law does indeed require that. The bad news is that the law does not require insurance companies spend more than the policy limit. The other bad news is that if the house is partially destroyed (i.e., 50%), the law will only require the insurance company to replace the damaged areas with the mandated improvements. If the ordinance also requires the homeowner to replace the undamaged areas as well with the improvements, the Homeowners insurance policy, by law, is not required to pay that extra cost.

**FIXING THE FLAW**

To fix these two gaps in the building ordinance law coverage, a homeowner must do two things: (1) raise the building coverage limit for a total loss high enough to replace not just the house as it exists at the start but rather to replace the house that is required to be rebuilt by building ordinance laws; (2) for partial losses, add optional "building ordinance coverage" in an amount high enough to pay for the replacement of the ordinance required improvements to the undamaged areas.

**THERE'S STILL NO  
FREE LUNCH ...OR  
FREE NEWSLETTERS!**

We are occasionally asked to add a family member or friend to my newsletter mailing list. Understandably, this newsletter is written for clients and professional associates only. This is part of my value-added personal risk management services that clients pay additionally for every year. It's part of that service and not sold separately. I can, however, offer you an alternative.

**NEWSLETTERS  
ON-LINE**

An e-version of my newsletter is available going back to 2002 on my web site—**www.JackHungelmann.com**. Just click on the "Newsletter" tab. There is also a 20-year index on the same page to help you locate a specific topic.

**SIGN-UP TO RECEIVE  
FUTURE  
NEWSLETTERS  
ELECTRONICALLY**

To automatically receive an e-mail with the current newsletter and a link to previous newsletters, just fill in your (or your friend's) e-mail address at the top of the Newsletter tab. The "postage" is free so far!

**IF YOU KNOW  
ANYONE SUFFERING  
WITH CHRONIC  
ILLNESS . . . .**

Here is a link to an article I wrote for the National Parkinson's Foundation web site in which I explained to young onset people with Parkinson's what they need to know about individual and group insurance programs as well as federal laws and insurance benefits available to them. Though written to those with Parkinson's, the information and advice I share applies to anyone with any chronic illness. Here's the link: <http://www.parkinson.org/site/pp.asp?c=9dJFJLPwB&b=1276933>

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*As usual, with the January newsletter, I am enclosing an index of all past topics covered in the 21 years I've been writing. For long-standing clients, I'm providing it to help you find articles of the past more easily. For newer clients, I'm providing it so that you will know what topics I have covered in the past that might pertain to you today. Please take the time to read through the list and contact either me or Carol Bechay if you'd like more information on any topic.*

*Stay warm. Stay healthy. All the best!*

*Jack Hungelmann*