

Happy holidays to you one and all! I am penning the first draft of this newsletter the day after our first 10 inch snowfall in two years. It's all so beautiful!

***HAVE YOU
TRANSFERRED YOUR
HOME OWNERSHIP TO A
TRUST OR LLC?***

What may be a good idea for tax or other reasons can be financially disastrous if you don't make changes to your insurance program at the time of transfer. Your homeowners policy covers only you and resident relatives. There is no coverage for any entity such as a trust or LLC. Yet once the home ownership is transferred, you are no longer an owner but a tenant. If the house burns, you will only get paid for what you own – the home contents. The trust or LLC will collect nothing! Also, if there is a serious personal injury on the premises, resulting in a lawsuit against you as the tenant and the trust as the owner, the trust again will have zero coverage including no defense coverage!

WHAT YOU CAN DO

Let us know right away of the transfer of ownership. We can solve this problem by adding the entity owner as "co-named Insured" on both your homeowners and your umbrella policies. This is the only sure way to make certain that the trust or LLC have all the important coverages of the homeowner.

***WHAT IF THE TRANSFER
IS TO ANOTHER PERSON?***

You have a similar problem with coverage. It's often common for older parents to transfer ownership of their home or cabin to one or more adult children. If the title to a property is now no longer in their parents' names, the adult children will be uninsured if the structure burns or there's an injury lawsuit. The solution again is to modify the parents' homeowners policy to list the adult children owners as "co-named insureds" on the policy. And even though there is liability coverage included, the adult children should play it safe and extend both their home and their umbrella liability coverage to the home or cabin location. The cost to do this is about \$30 a year!

***ATTENTION: STUDENTS
ATTENDING COLLEGE IN
OTHER STATES***

For those of you thinking of changing your residence to the state you're attending school, in order to save thousands of dollars by qualifying for in-state tuition costs, there are some pitfalls. You will lose some coverages that you have by residing with your parents and being covered on their insurance. No more coverage for drive-other-cars. No automatic theft or fire coverage on your personal belongings. No personal liability coverage.

THE FIX IS EASY

You will need to buy a personal auto policy and renters policy, in your name, at your new residence address. All the coverages that you lose under your parents' policy can be covered under these two policies.

***ATTENTION MEDICARE
CLIENTS***

My health insurance partner Mary Jo Hoff is now servicing your Blue Cross Medicare-related policies and drug coverage. She can be reached by phone at 952-893-9218 or by e-mail at mjhoff@corporatefour.com.

**REPLACEMENT COST
COVERAGE ON ROOFS
MAY BE ENDING**

The insurance industry has been hammered in recent years with wind and hail damage to roofs, which has led to insurers in many cases paying to replace older roofs, many of which were at the end of their life expectancy. For those homeowners, their new roof paid for by insurance was like an early Christmas present. Rather than raise rates to an unaffordable level, some insurance companies are starting to take away replacement coverage on roofs over a certain age.

**ALLSTATE BROKE THE
ICE**

They recently announced they would no longer be paying the full cost to replace a damaged roof over 10 years old. Instead, they will pay the "actual cash value" [a.k.a. the depreciated value] of those roofs. Harleysville has announced they won't pay for the full replacement cost of roofs over 15 years old. I'm sure other companies will be following suit soon enough.

**THE POWER OF THE
JACK HUNGELMANN
VOODOO CURSE:
STORYTIME**

Client Donald P recently had to raise his umbrella coverage limits from \$2 million to \$4 million at the request of a large client. When the job was over, he intended to lower his coverage back to the \$2 million. I suggested to Donald that he keep the \$4 million because the price of the extra \$2 million was quite reasonable. He agreed.

A few months later, in reviewing his insurance program, I found out why he decided to keep the \$4 million. He said I put the "voodoo" on him. He was sure that, if he went against my advice and reduced his coverage, he would have a claim over \$2 million and he would forever regret it. Worst of all, he said, I would tell his story in my newsletter! (He was dead serious!) Carol and I could hardly contain our laughter!

[Congratulations, Donald! You made it to the newsletter anyway!]

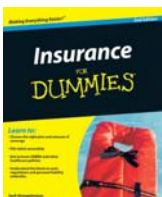
**THE REST OF YOU BE
FOREWARNED!**

If you say "no" to my advice, know that my voodoo curse will be upon you too!

In keeping with tradition, I am enclosing my annual index of 27 years of newsletter articles that are still pertinent today. I encourage you to look through it and contact us if you want more information on any subject.

All the best!

Jack Hungelmann



Insurance for Dummies second edition, authored by Jack Hungelmann. Buy it online at www.dummies.com or www.amazon.com.

