

Greetings! Happy Spring!

"The ice is off the lakes. Grass is back to growing. Birds are back to nesting. Streams are back to flowing. Geese are back to honking. Gnats are back to biting. It's newsletter time again. And Jack is back to writing.

"I know this little ditty isn't all that pretty. So please forgive the cheesy, as intros aren't that easy.

"I take the time to write these things so you don't feel forsaken. You'll find some things you'll need to know to help you save your bacon."

**GREAT NEWS  
FOR SAFECO  
HOMEOWNERS  
POLICY HOLDERS**

Now that storms in Minnesota have subsided a great deal in the past couple of years, Safeco is offering you the opportunity to reduce your 1% deductible on wind and hail losses (i.e., 1% of the a \$600,000 home insurance amount equals a whopping \$6,000 per claim deductible!) to a flat \$1,500 deductible. In other words, if you're willing to raise your deductible on fire theft and other losses to \$1,500, Safeco will also reduce your wind and hail deductible to \$1,500. Call customer service right away to authorize this change before the next storm hits.

**LEARN WHAT KINDS  
OF VALUABLES YOU  
OWN THAT HAVE \$  
LIMITS UNDER YOUR  
HOME POLICY**

Homeowners policies tend to be very similar in coverage. But one area they differ substantially on is with regard to the kinds of valuables for which they limit coverage. It is important that you read your policy to discover what kinds of property are limited in coverage. If you own any of that property (worth more than the \$ limits of your policy), call us to discuss how to best protect yourself, including whether arranging supplemental coverage to plug the gaps is the best risk management strategy. Here are just a few examples of these limits in insurers with whom we do business:

	<b>Safeco QP</b>	<b>Auto-Owners</b>	<b>Harleysville</b>	<b>Farmers Home</b>	<b>Chubb Deluxe</b>
• Jewelry (Theft)	\$150/item; \$300 total	\$1,000, incl. Furs	\$5,000	\$1,500, incl. Furs	\$5,000
• Silverware, et al (Theft)	\$3,000	\$5,000	\$5,000	\$2,500	\$10,000
• Furs (Theft)	Incl. w/jewelry	Incl. w/jewelry	Incl. w/jewelry	Incl. w/jewelry	\$5,000
• Stamps/Coins	\$3,000	\$1,000/\$250	\$1,000/\$200	\$1,000/\$200	\$5,000
• Guns (Theft)	No limit	\$2,500	\$2,500	\$2,000	\$5,000
• Boats and Trailers	\$1,500	\$1,000	\$1,500	\$1,000	\$2,000 w/o trailers
• Utility Trailers	\$1,500	\$1,000	\$1,500	\$1,000	\$3,000 (all trailers)
• Business property at home/away	\$5,000/\$1,000	\$2,500/\$1,000	\$2,500/\$250	\$2,500/250	No limit
• Trading cards	*Included	\$1,000	No limit	No limit	No limit
• Comic books	*Included	No limit	No limit	No limit	No limit
• Tapes, CDs, in a vehicle	\$200	\$250	\$1,000	\$1,000	No limit
• Rugs, Tapestries (Theft)	\$5,000/\$1,000	\$5,000/\$10,000	No limit	No limit	No limit

**CAROL ON  
MATERNITY LEAVE  
TO AUGUST 1**

Carol Bechay, the insurance agent who works with me in overseeing your insurance program, is a first-time mother. Congratulations and best wishes to Carol, her husband Mike, and their new baby boy, Quinn Michael! Until August 1, agent Holly Goeschel will be filling in for many of Carol's responsibilities. You can reach Holly by phone at **952-837-4884** or by e-mail at **hollyg@corporate4.net**. You will like Holly. She will do a great job.

**YOU WILL SOON BE  
LOSING LIABILITY  
COVERAGE FOR  
TEENAGE DRINKING  
PARTIES**

Farmers Home Group has just added a new restrictive endorsement to their Homeowners policy that excludes liability coverage for you if you're sued as the result of injuries or property damage caused by an intoxicated person under age 21 who was provided the alcohol on your premises by you or a resident family member. I am not concerned about the exclusion for the type of claim it excludes—adults furnishing liquor to minors is both irresponsible and illegal. I am concerned rather because the furnishing and consumption may have occurred without your knowledge or approval. In fact, it could even happen when you're out of town.

I have no way to buy the coverage back, so be forewarned and be extra careful. So far, it is just one insurance company, but I think others will follow.

**STORYTIME**

Your 18-year-old son invites a few couples to your home after the Prom. Without your consent or knowledge, a couple of beer kegs are smuggled in. People drink. Injuries or death and property damage result. You are sued for \$1 million. You file a claim but your claim is denied even though you had no knowledge of the alcohol. You may even have specifically forbidden it. No matter. You have zero coverage!

**RISK MANAGING  
A NEW TEENAGE  
DRIVER**

Are you concerned about the safety of your new 16-year-old driver or the effects they might have on your insurance rates if they start having tickets or accidents? Here is something that client Mary F. did that I think is a great idea. She brought her 16-year-old son, Shaun, into our office for a meeting.

I explained to Shaun each of the coverages that he has when he gets behind the wheel of a car. I explained how his future pricing is affected both by his driving choices, like tickets or accidents, and by maintaining a "B" or better grade point average at school. I estimated beforehand the cost difference for each ticket or accident and for not keeping a "B" average. I explained the importance of not driving or riding with anyone under the influence of chemicals. I had Mary and her son discuss and both sign the Students Against Drunk Driving contract ([www.saddonline.com/contract](http://www.saddonline.com/contract)). Finally, at Mary's request, we all three discussed the concept of tiered driving privileges explained in an earlier newsletter that many states have adopted. Mary seemed to think that our meeting helped a great deal.

**STORYTIME: ARE  
YOU COVERED TO  
DRIVE A DECEASED  
FAMILY MEMBER'S  
CAR?**

Benjamin S., age 25 with a clear driving record, lost his grandmother, Maria, in October 2003. The executor of Maria's estate, Ben's dad, David, took possession of Maria's car with the intent to eventually sell it off as part of the estate. Temporarily, however, in October, 2003, David gave Ben permission to drive Maria's car to and from work. In November 2003, Ben caused an accident and was sued by the other driver. Maria's auto policy was paid up to the December 12, 2003, renewal date. Was David covered by Maria's policy through ABC Insurance Company?

**NOT ACCORDING TO THE ADJUSTER**

The ABC adjuster denied the claim based on language found in most auto policies, in the case of the death of the policyholder, that provides coverage for just two people and only until the next policy renewal date—1) the surviving spouse (Maria had none), and 2) Maria’s legal representative (her son, David), but only for the representative’s legal responsibilities to “maintain or use” Maria’s vehicle. Coverage does not extend to any other driver nor for anyone’s personal use. David had no authority to loan the car to Ben and driving the car to work is not “legal responsibility” purposes. Neither the driver, Ben, nor the use was covered by Maria’s auto policy.

**A SERIOUS PROBLEM!**

The auto policy contains overly restrictive coverage limitations that aren’t consistent with what happens in “the real world.” In the real world, when people die, it’s common practice for surviving family members to use the deceased’s car for their own personal use, until the vehicle is sold.

**WHO NEEDS COVERAGE?**

Following a death with no surviving spouse, the following need liability coverage for the ownership, maintenance or use of the deceased’s vehicle until it can be sold: the deceased’s estate, as the vehicle owner, the legal representative of the estate and any possible drivers. If the vehicle is new enough to need Collision and Comprehensive Coverage, the ownership interest of the estate needs to be protected for vehicle damage as well.

**MY RISK MANAGEMENT ADVICE TO PROTECT YOURSELF IF YOU’RE IN THIS SITUATION**

Upon death, call the Agent that insures the deceased’s car and request to change the “Named Insured” to also include the name and mailing address of the legal representative until the car can be sold. That way, the estate and the legal representative will both be fully protected in a lawsuit AND, with the legal representative now a named insured, so will anyone else to whom the legal representative grants permission to use the vehicle. A list of all drivers’ full names and driving records should be provided to give the insurance company the right to reject any driver with a poor record or to charge an appropriate premium.

If the insurance company of the deceased won’t agree to add the legal representative as a co-named insured, call me personally. There are a couple of other strategies I can suggest.

**WHICH OF THESE ACTIVITIES FOR WHICH YOU ARE SUED IS LIKELY NOT COVERED BY YOUR INSURANCE PROGRAM?**

- You drive your golf cart to the course, it overturns, and your passenger is injured.
- You roll your motorized bicycle through a stop sign; a car swerves to avoid you and collides with another vehicle causing injuries.
- Your 12-year-old son crashes his go-cart into another go-cart on a go-cart race track, injuring the other driver.
- Your eight-year-old neighbor gets seriously injured while operating your child's toy car.
- You're cutting an elderly neighbor's yard or plowing their driveway with your riding lawnmower or snowblower. A rock gets kicked up, and a passerby is seriously injured.

## **THE ANSWER?**

None of the first four of these potential lawsuits would normally be covered by your home liability insurance coverage. The fifth one has been covered but won't be under the newest Homeowners 2000 policy form. If you currently own these or any motorized equipment and are concerned about being covered, call me to discuss the most cost-effective ways to protect yourself.

## **WARNING TO THOSE WITH GROUP DISABILITY INSURANCE**

Eric and Susan are two young professionals, both well insured in all areas except one. The only disability insurance they have is group coverage for 60% of their salary, through their employer. The good news is that the employer pays for 100% of the cost. The bad news? Group disability benefits are taxable, meaning Eric or Susan won't receive 60% of salary, after taxes, if disabled but rather more like 45%. The other bad news? If either quits their job, they will lose their disability insurance completely. A potentially serious problem if they have a health problem that would keep them from qualifying for individual coverage at that time.

## **MY RISK MANAGEMENT ADVICE IF YOU CAN'T LIVE ON 45% OF YOUR INCOME**

Spend as little as \$25 a month for the solution that will protect you from either one of these problems. Buy a supplemental personally-owned disability policy providing an additional benefit to you of \$500-\$1,000 a month—enough to at least pay the taxes on your group disability benefits. The supplemental benefits will come to you income tax-free, plus you will be guaranteed the right to buy significantly more coverage, regardless of health, if you lose your group coverage at a later date. No physical. No medical exam. It's a very smart move—and very affordable. Call me to discuss your circumstances.

## **“THE INCREDIBLE HULK” FILES A MOLD LAWSUIT!**

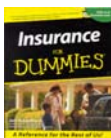
Actor Lou Ferrigno and his wife are suing their home insurer for the improper handling of a water leak claim that resulted in significant mold, allegedly causing both parties significant irreparable lung damage. Lou joins Ed McMahon and the real Erin Brockovich as celebrities suing their insurers for mold damage. (And three more reasons why most insurers are rushing to severely restrict mold coverage on home and personal liability coverages.)

See the January 2004 issue of this newsletter (at [www.jackhungelmann.com](http://www.jackhungelmann.com)) to see if your insurance company has added mold coverage restrictions to your policies and my offer to move your coverage to Auto Owners, who currently has no restrictions nor any plans to add them anytime soon.

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*Wishing you peace and good health.*

*Jack Hungelmann*



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