

Greetings and salutations! The long winter we just went through and all the resulting potholes this year in particular do make it feel like Minnesota has just two seasons – winter and road construction!

A couple of years ago, a friend "Betsy" and her family were going through some difficult times with her husband Bob's parents' care choices. I asked if she would share her story with you in these pages. Here it is, word for word.

BOB'S STORY

"Here are some notes regarding Bob's dad's need for long-term care and why it would have been so much easier to make decisions had he had long-term care insurance.

"In mid-January 2007, his dad started to experience chest pain and was taken by ambulance to the hospital. While at the hospital, it was discovered his heart was not beating regularly so they put a pacemaker in him. Also at this time, the doctors, nurses, and Bob's family discovered how serious his dad's dementia was and how weak his dad was. Bob's mom was no longer capable of taking care of him on her own. The decisions they were faced with are as follows:

- 1. Nursing home care 24 hours a day*
- 2. In-home healthcare part-time*
- 3. In-home healthcare full-time*
- 4. Assisted living.*

"Nursing home care would provide 24-hour care and would be one of the least expensive options. However, we all knew that his dad would not do well in a nursing home. The family chose part-time home healthcare as the first option. But part-time care didn't work out. [FYI Bob's dad lived two more years. Bob's mom ended up being the caretaker, resulting in her health deteriorating.]

"Here are the emotionally difficult things they were faced with, at that time:

- 1. After working very hard to save up for their retirement years, the outcome of the need for some type of long-term care could be financially devastating.*
- 2. It is extremely difficult and stressful for Bob and his siblings to see their mom go through the strains of making these decisions.*
- 3. As a family, we would love to be able to help out with the care so that outside care would not have to be hired. Realistically, this is not possible when we all work full-time and/or have our own families to care for.*
- 4. It's difficult for all of us knowing that his dad should have full-time in-home healthcare, but the cost is high.*
- 5. Assisted living is also expensive. Plus, the family feels strongly that they would like to keep his dad in their home as long as possible since the purchase of their home was a very important thing to him.*

"Even long-term care insurance would not take away the pain of watching a loved one go through physical or emotional changes. However, the insurance would've helped relieve a lot of the financial burden that Bob's mom faced."

[Thank you, Betsy and Bob, for sharing your story.]

**A LONG-TERM CARE
PLANNING REMINDER**

Remember that a fairly substantial financial risk you face in your lifetime is how to pay for the cost of care—whether it be a nursing home, assisted living facility, or even ideally at your own home. If you are in your mid-40s or older and have not yet done any long-term care planning, I encourage you to do so, so that you're not stuck footing the whole bill yourself. If you fail to do any planning, you end up with Uncle Sam's default plan for you— to spend down all your assets to poverty levels and then have the federal medical assistance program created for the poor – Medicaid – pick up the rest of the bill.

**WHAT IS INVOLVED IN
LONG-TERM CARE
PLANNING?**

First, it's recognizing that long-term care for you and/or your spouse in your lifetime is almost a certainty. Second, it is recognizing that the cost of long-term care is a major financial risk. At current costs of \$75,000-\$100,000 annually and rising, you could easily drain \$500,000, \$1 million dollars or more for long-term care. Third, it's evaluating where that money will come from. It's meeting with a long-term care expert and getting costs for long-term care insurance. It's learning about state and federal tax breaks for purchasing long-term care insurance. If you're self-employed, it's learning how you can pay your long-term care insurance premiums through your business. Understanding the federal long-term care partnership program and how you can benefit. Fourth, it's discussing your planning options with me as your Risk Manager.

**INTRODUCING MARLYS
FITERMAN – OUR LONG-
TERM CARE SPECIALIST**

With the ever-changing long-term care insurance marketplace, I made the decision to partner with Marlys, a long-term care expert who has done nothing but long-term care insurance since 2002. Prior to that, she was a school teacher for 33 years. Marlys is as nice as they come and smart as a whip. I know you will like her as much as Carol and I do.

**HERE'S HOW YOU GET
STARTED WITH MARLYS**

Just e-mail Carol, at cbechay@corporate4.net, that you would like to do some long-term care planning. Carol then will put Marlys in touch with you. Marlys will meet with you. Help you choose a plan that works best for your needs and your budget. She will copy me on the proposals so that I can consult with you if you'd like before making a choice.

WHAT ARE THE ODDS?

1 in 251,800,000	Dying from a shark attack
1 in 10,790,000	Dying from a plane crash in the next year
1 in 309	Having a residential fire
1 in 47	Having an auto accident in the next year
1 in 2	Needing long-term care after age 65

[Source: Newman Long-Term Care]

**AUTO-OWNERS
INTRODUCES EXCESS
UNINSURED/
UNDERINSURED
MOTORISTS IN
MINNESOTA**

Auto-Owners has had, for some time, one of the more comprehensive personal umbrella policies in the marketplace with one shortcoming – excess uninsured and underinsured motorist coverage was not available, here in Minnesota. If you have your personal automobile and umbrella insurance with Auto-Owners, you now can add additional coverage for yourself and your family for your injuries caused by an underinsured driver. The approximate cost per year for \$1 million coverage is \$90 per vehicle. This is critical coverage in my opinion. Call customer service at 952.893.9218 if you'd like to add this coverage.

**JACK FEATURED ON
WEBSITE BLOG**

Dale Robyn Siegel, mortgage broker and author of the book "The New Rules for Mortgages", is posting a Q&A session on her website blog with yours truly on Wednesday, May 18 at www.DaleSiegel.com/blog. I invite you to join in.

FREE HOUSEHOLD INVENTORY TOOL

Available from the Insurance Information Institute at www.knowyourstuff.org. Best of all, it includes free secure online storage for your list and photos (for those who still have their photographic inventory on their home computer—which will do you little good when the house burns or there is a burglary where the computer is one of the items stolen).

HOMEOWNERS RATES ARE ON THE RISE

In the past few years, homeowners rates have dipped to historically low levels. Not surprisingly, due to the increased amount of storm claims the last couple of years, your homeowners premiums will be increasing 15% or more in 2011. To put it in perspective, your rates in most cases will still be less than you would've paid 10 years ago for the same type of coverage. Even with the increase, homeowners premiums are still a great buy.

IS YOUR ROOF LESS THAN FIVE YEARS OLD?

Some homeowners insurance companies are giving a discount for newer roofs. Particularly if you paid extra for a newer roof that is hail-resistive or built with hail-resistive shingles. If you have a newer roof, call Corporate 4 at 952-893-9218 and ask for personal insurance customer service who will be more than happy to help you get the new roof discount or any other discounts to which you are entitled.

REDUCING THE RISK OF HAIL DAMAGE TO YOUR HOME

I'm not in the insurance business. I am in the risk management business. Take the risk of hail damage to your home for example. Insurance is one way to deal with the risk of hail damage. There is a better way. Hail typically damages roofs and siding. You can either prevent, or at least significantly reduce, the chance of serious hail damage to your roof and siding by spending something extra up front for hail-resistive roofing and hail resistive siding.

If you're planning on replacing either your roof or siding this summer, I encourage you to look into replacing them with hail resistive materials. For every hail damage claim these materials prevent, you will save having to spend your deductible – at least \$1000 or more probably. Plus you will save all the time spent dealing with contractors and adjusters, as well as the stress of the construction itself.

IF YOU HAVE HAIL OR STORM DAMAGE TO YOUR ROOF THIS SUMMER

Remember to check with your city regarding a possible building ordinance that actually requires you to replace your roof shingles with hail resistive materials. In that case, your homeowners policy will probably pick up the full cost, less any deductible. It's worth checking. [See the next section for more on building ordinance coverage.]

JUST HOW GOOD IS MINNESOTA'S BUILDING ORDINANCE LAW?

Statute number 658.10, sub.1 requires insurance companies on property policies to cover the extra construction costs caused by local building ordinances following damage to or destruction of the building from fire, wind etc. So, suppose your home suffers storm damage and repair costs are \$100,000 to rebuild the damage itself. However, local ordinances require you to rebuild differently and more expensively, costing \$140,000. The law requires your insurance company to spend that \$140,000 rather than the policy requirements of \$100,000. So, when insuring a Minnesota property, it's tempting to assume that you don't have to worry about the building ordinance issue.

THE LAW HAS TWO SHORTCOMINGS

It doesn't automatically increase the dwelling coverage limit in the event of a total loss. Second, in the event the ordinance requires that, if the home is damaged more than a certain percentage and it doesn't meet the current code, it must be torn down and rebuilt according to the new code. The cost of tearing down and then rebuilding the damaged area of the home is covered, subject to the policy limits. But the law only covers the cost of tearing down and rebuilding the damaged areas. There is no coverage required for tearing down and rebuilding the undamaged part of the home!

"DOESN'T MY HOMEOWNERS POLICY PROVIDE BUILDING ORDINANCE COVERAGE?"

Depending on the company, in most cases, "a little". The majority of homeowners policies include building ordinance coverage in an amount of 10% of the coverage amount on your home (a.k.a. "Coverage A"). A home insured for \$400,000 would have an additional \$40,000 of building ordinance coverage. That 10% additional coverage generally won't come close to the cost of tearing down and rebuilding the undamaged areas of your home. For an additional premium, that 10% amount usually can be increased, in increments, up to an additional 100% of your building coverage.

HOW YOU CAN PROTECT YOURSELF

For a total loss, make sure that the replacement cost limit on the home insurance is high enough to rebuild not just what's there, but to rebuild the house as the current building code requires it. If you have an older home, check with your city to see if they require demolition of the home if the home is damaged more than a certain percentage. And buy additional building ordinance coverage for a limit high enough to demolish and rebuild the undamaged areas. If you have any concern about this whole issue, call us and we can help you make the right choice.

WHAT MAKES A GREAT INSURANCE PROGRAM?

There are three components. First, a balanced program that covers the six major loss areas with high limits. Major damage to or destruction of your residence. Major medical bills. Long-term disability. Long-Term Care. Major lawsuits. Death. Second, each of the policies in your portfolio has been properly endorsed to eliminate exclusions and coverage gaps. Third, the expertise needed to accomplish the first and second objectives.

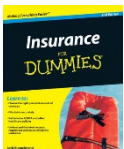
What's missing from nearly everyone's program is the third component – a personal risk manager/overseer. Someone skilled in every area of insurance who can make sure that your program is in balance, that all the coverage limits are adequate, and that major gaps are covered. And of course, a risk manager makes sure that the premiums for the coverages purchased are prudent and reasonable.

Personal risk management. It's what I do.

I could not do all the things I do for you without the help of some very wonderful people. People who make it possible for me to function very normally even with my Parkinson's limitations. People like Carol Bechay, my personal and group insurance manager and Shaun Kuffel who services and manages my commercial accounts. Today I want to introduce you to a third person, Linda Peterson, who provides me with high-level administrative assistance as needed from her home. She's assisted me with my website, my newsletters for about 20 years now, and is personally responsible for typing the entire book Insurance for Dummies first edition from my hand written pages. Thank you all so very much!

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.