

Greetings. How are you surviving the "winter without end"? I'm starting this on Thursday, May 2. The forecast has up to four more inches of snow! In May!

Summertime means vacations. Here is some information to help you manage the personal risks in your life, with a focus on vacation-related risks and the contracts you sign.

**VACATION BOAT
RENTALS**

Summer will come to Minnesota in 2013. And when it does, many families will be heading to one of Minnesota's 10,000 Lakes. When they do, they often will rent a boat. Like renting a car, you take on three risks:

1. Your liability for injuries and property damage to others (i.e., injuring a swimmer).
2. Your liability for damage, to the boat, that you cause (i.e., causing major engine damage by hitting submerged rocks).
3. Your contractual liability for damage, to the boat, that you didn't cause but for which you agreed to be responsible in the rental contract (i.e., major storm damage).

**HOW WELL ARE YOU
COVERED NOW?**

Homeowners policies may cover your liability renting small boats but covering only risk #1.. Also, about half the umbrella policies will cover all three risks, even if no coverage anywhere else. Insurance companies vary all over the board in terms of how they cover non-owned watercraft. If you're renting a boat, fax or e-mail the contract to us, if possible, and call us to discuss whether or not you have coverage now and if any changes need to be made to your insurance program.

**A NEW WRINKLE –
BOAT CLUBS**

These are organizations that own a fleet of boats available for members use. The member pays a rental fee for the summer and has access to several hours use of some or all of the boat fleet. Even though you are a member, these are still considered boat rentals. You have the same three risks above as well as a contractual obligation to defend and pay any judgment against the boat club as a result of your negligence causing injury or property damage to others. Before you join, send us your contract. You are definitely going to need an umbrella policy. We just need to make sure it's the right one that covers all four risks. If it doesn't, we will have to move you.

**BUYER BEWARE!
RON'S STORY.**

Those selling boat club memberships are not always aware of the risks in the contract. (Whoever reads the fine print anyway?) Ron was joining a boat club on Lake Minnetonka. The club has insurance on the fleet with just a \$100 deductible. He was told that was his only obligation. Unfortunately, the contract lacked any language releasing members from their liability for damage to the boat. Here's what would have happened if he had not checked this out with us first. Let's assume that he has an accident causing \$35,000 damage to the boat he is using. He pays the \$100 deductible and goes merrily on his way. Two months later, he gets a letter from Highwater Mutual Insurance Company, who insures the fleet for the boat club, demanding \$34,900. Ron definitely would owe this amount of money because the contract lacked a member release/hold harmless clause.

**HOW THE RIGHT
UMBRELLA POLICY
WOULD HELP RON**

The best umbrella policies cover liability for many claims not covered by your basic auto or homeowners coverage. Ron's homeowners policy doesn't cover damage to non-owned watercraft in his custody. However, his umbrella policy does not have that exclusion and therefore would cover the entire loss--\$34,900 minus the umbrella policy's \$500 deductible. Ron would be one happy camper! (Or boater!)

**SKI LODGE RENTALS:
MIKE'S EXCELLENT
ADVENTURE!**

Mike and four buddies were about to leave on their annual five-day ski trip to Utah. They were renting a condominium on the ski hill., Mike sent me the rental agreement for my opinion before they left. In the past, Mike had rented the unit just in his name. Here's what the contract said. If there were any injuries to any guests, Mike was agreeing to defend and pay any judgment against the landlord – *even if the injury were the fault of the landlord!* I advised Mike to have that language deleted and to reduce the risk by putting the contract in all five names. In case he wasn't successful, I also confirmed his umbrella policy would cover his responsibility for someone else's negligence.

**DO YOU OWN A
VACATION TIME SHARE
UNIT?**

Is the ownership deeded? (I.e., if the ownership is a specific unit, it usually is deeded ownership.) If deeded, you may have no liability insurance coverage when it's being used during your period of ownership. Your homeowners policy extends liability coverage to locations other than those you own. If your unit is deeded, you do own it. As an owner you have no homeowners liability coverage unless you declare the location and pay extra premium – typically about \$15 a year. If you have such a unit, be sure to call us right away so we can add the proper endorsement to your homeowners policy.

**"BUT MY ASSOCIATION
CARRIES LIABILITY
INSURANCE, RIGHT?"**

Sure it does. However, it covers all members for lawsuits for injuries in the common areas but not in your specific unit during your specific ownership time! (Read the fine print in the bylaws.)

**"BUT WON'T MY
UMBRELLA COVER ME?"**

It might. But not without a \$300,000-\$500,000 deductible! Plus legal expenses! (The required underlying liability limits for the umbrella for owned real estate.)

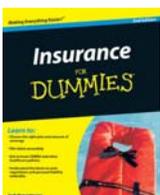
**"I NEVER USE MY UNIT
PERSONALLY. I SWAP
FOR TWO WEEKS AT
OTHER VACATION
LOCATIONS."**

The good news about swapping. You do have coverage if you injure someone while using someone else's vacation property. Both the homeowners and umbrella policies will cover your use of that property. The bad news is that you're still liable for anybody getting injured in your unit. (The "swap-ee") If you have a deeded time share, call us right away with the address so we can get you the necessary liability coverage.

Obamacare. January 1, 2014 is the start date that all Americans must be insured or pay penalties. It is also the start date that insurance companies must accept all applicants for health insurance – regardless of any pre-existing conditions. And it's the start date for the new health insurance exchanges. I expect it to be a rather chaotic time and still am determined to take a wait-and-see attitude. I will let you know when I have something to share. In the meantime, don't be concerned. You have health insurance now. You're in good shape and won't be affected much by the law. Enjoy spring when it comes.

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.

