

Greetings! With this issue, I'm completing my 24<sup>th</sup> consecutive year of writing client newsletters. 72 issues total. Researching and writing these is only possible because of the annual risk management fee you pay. These come to you as one of the many benefits included in my risk management services that you won't find anywhere else. There are a number of new laws, new coverages, and other issues I need to address, so let's get started. Here is the information that you need to know to continue to manage the risks in your personal life.

**HOW IMPORTANT IS  
SCHOOL ACCIDENT  
INSURANCE?**

Every fall, parents get asked if they would like to sign their child up for the student accident insurance program. Usually, this is pertaining just to student athletes. My recommendation has always been, and continues to be, that you should pass on that insurance unless you have a substantial deductible on your own health insurance policy, because this simply duplicates coverage you are already paying for. If your student/child is injured in a school-related sporting event, your health insurance will cover that.

**BLUE CROSS AND  
FAIRVIEW REACH  
AN ACCORD**

Yes, Virginia, there is a Santa Claus! There is an Easter Bunny and a Tooth Fairy too! And, yes, contrary to popular belief, Blue Cross and Fairview Health Systems, seemingly hopelessly deadlocked, were able to reach an agreement before their contract terminated. (This was all done without the aid of James Earl Carter who was on standby!)

**ATTENTION:  
HOMEOWNERS**

Every time you file a Homeowner's policy claim, Minnesota law requires your insurance company to send a letter to you letting you know that if you have two non-windstorm related claims in a three-year period, your policy can be cancelled. I haven't found a client yet since that law was passed who hasn't been offended at getting this letter. They see it as a warning not to dare file any more claims. If you get such a letter following a homeowner's claim you filed, know that it's nothing personal. It's just a law they have to abide by.

**STORYTIME**

My client, Doug, called very upset. He recently had hail storm damage to his roof and the adjuster hadn't even been out to inspect the claim when he got this awful notice. Considering he had been insured with the same company for a dozen years with no claims ever, he was rightfully very offended. I explained that this letter was in no way any kind of cancellation, but nonetheless, he was offended. It put a sour taste in his mouth when getting paid for his claim should have been a positive experience.

**A PLEA TO  
INSURANCE  
COMPANIES**

Since you have no choice but to send this offensive letter, at least add an enclosure letter that says something like *"Dear Policyholder: Minnesota law requires that we notify you whenever you file a Homeowner's claim, that if you have more than two non-weather related claims in a three-year period, you can be cancelled. Please forgive the harshness of the enclosed notice. The language is required by law. We value your business, and in no way is it intended to be a threat or any kind of advance notice of cancellation."*

**ATTENTION  
PARENTS DRIVING  
STUDENTS TO  
SPORTING EVENTS**

Do not under any circumstances accept any kind of payment from the school system for transporting kids. If you do so, your auto insurance is void, and you'll be on your own! It is okay to drive kids without accepting any compensation, such as a ride-share arrangement.

**IS THERE A  
WEDDING IN YOUR  
PLANS?**

Will you be renting vehicles for out-of-town guests? Putting them up at hotels? Renting a restaurant or facility to host the wedding reception and signing contracts along with that? Will there be wedding gifts brought and stored at the reception that could get stolen? What about the wedding rings? There are a lot of risks that you take on at the time of a wedding—some of which are covered and some of which are not covered -- under your standard personal insurance program. If you've got a wedding on the horizon, make it a point to give me a call and tell me what you're doing. Send me copies of contracts you're being asked to sign. I will help you identify the risks that you're facing and help you reduce or eliminate those that should not be your responsibility. Risks like defending and paying any judgment against the restaurant arising out of the wedding reception regardless of fault. You absolutely need to amend the contract so that you're not taking on the restaurant's negligence and responsibility for food poisoning or for their negligent serving of alcohol to your guests who may have had one too many. For more specific information on the risks associated with a wedding, I refer you to an article I wrote on the subject entitled "Risk Management for Weddings." The link is located on my website at <http://www.jackhungelmann.com/work7.htm>. (Thanks to Mershaw P. for her inspiration.)

**OTHER ARTICLES  
YOU MAY WANT TO  
CHECK OUT**

There are several other articles I've written on risk management that may pertain to your situation now or in the near future. Such as protecting assets when home ownership is transferred to a trust, or managing the risks of a household move, or managing the townhouse/condominium unit owner risk, or managing the risk of having a nanny for your children. You can find them all on my website at <http://www.jackhungelmann.com> or on the IRMI website at <http://www.irmi.com/Expert/authors/hungelmann.aspx>.

**ANY OTHER MAJOR  
LIFE CHANGES?**

Make it a point to contact me whenever you've got a major change going on—from a birth to a wedding. A divorce. The sale and purchase of a different residence or a change of residences and the hiring of movers and storage facilities for the move. For a death in the family. For hiring household laborers such as nannies or personal care attendants. Adding an addition onto your home and hiring contractors and signing contracts around those construction projects. In short, every time you've got a major change in your life, it involves a change to the risks that you're facing, and I can help you with that. I can help you identify the risks, and I can help you figure out the best strategy for addressing them so that you don't get burned later on.

**DELTA DENTAL  
PLANS FOR  
SENIORS REOPENED**

Are you blue because you missed the initial open enrollment period that ended July 31? Good news! Starting November 15, 2008, and every November 15 thereafter through December 31, if you have a Blue Cross Senior Gold Medicare Supplement policy, you can enroll in the optional dental coverage. Coverage starts January 1. Call Carol Bechay for rates and an application.

**A NEW WRINKLE ON  
LONG-TERM CARE  
INSURANCE**

Are you considering using long-term care insurance to preserve your estate? There is a new product introduced that covers long-term care but has no inflation rider available. Here's how it works. Assume you're a 65 year old and you pay a \$100,000 single premium into this policy. If you ever need long-term care, you would receive \$330,000 over 50 months. If you don't need care, when you die, your estate gets \$164,000 in death benefits. And, if you change your mind and want to drop the policy completely anytime in the future, you are guaranteed your original \$100,000. Interesting, isn't it? Call me for more information and help determining if this is for you. If you have some liquid assets you can free up, I like this concept a lot.

*Source: Genworth "Total Living" coverage.*

**THREE NEW  
MINNESOTA LAWS  
EFFECTIVE  
AUGUST 1**

– **1) FLOOD**

With the devastating flood losses we all watched on television this summer, Minnesota has passed a law requiring all insurance companies to include a flood warning notice with your Homeowners policy that your policy does not include flood coverage. I have discussed the flood and heavy rain risks a number of times in this newsletter, but I wanted to remind you that "flood" is not necessarily rivers overflowing their banks but also often includes heavy rain run-off that causes water to flood your basement or ground level. If you haven't yet talked to us about your particular risk of flood, please do call us. Remember, a good flood policy can cost as little as \$125 to \$300 a year in most geographic areas.

– **2) TEXTING  
MESSAGES  
WHILE DRIVING  
OUTLAWED**

It is now against the law to text a message or email or go on the internet on a portable device while driving a vehicle in Minnesota. And to answer the obvious follow-up question, no this law does not apply yet to the use of cell phones for receiving or transmitting messages by mouth. I expect it's coming soon.

– **3) NEW  
RESTRICTIONS  
FOR TEEN  
DRIVERS**

Specifically for those under age 18 who are newly licensed. For the first six months, there is no driving permitted from midnight to 5am unless either going to and from a job and/or a school function where the school doesn't provide transportation. Or unless you have a driver age 25 or older with you.

The second limitation during the first six months is not more than one teen riding as a passenger at any time. And there is no exception to that—unless you have a parent or guardian with you. In the second six months, you can have three teen passengers with you. Same parent or guardian exception applies.

This law was passed in order to cut down on the number of accidents that occur involving teenage drivers. In the three years from 2005 to 2007, teen drivers were involved in 116 fatal crashes in Minnesota alone.

For an excellent guide for parents on how to manage the risk of new teenage drivers, go to [www.dps.state.mn.us/ots/resource\\_catalog/forms/Young\\_Drivers.pdf](http://www.dps.state.mn.us/ots/resource_catalog/forms/Young_Drivers.pdf). The title of the pamphlet is "Teens Behind the Wheel: A Roadmap for Parents."

**MEDICARE PART D  
OPEN ENROLLMENT**

Just a reminder that every November 15, those of you on Medicare can change your prescription drug plans either within Blue Cross or with another company regardless of health. Call Carol Bechay in my office if you need help at 952/896-9536. FYI, the Blue Cross Plan 1—the least expensive plan—is still the best value of three plans they offer. Regardless of the number of drugs you take.

**“SMART CAR”  
EARNS TOP CRASH  
TEST RATINGS  
FOR SUB  
COMPACTS**

Have you ever seen one of these on the road? They are little two seaters about the size of a Costco shopping cart. Well, this news sure surprised me. According to the Insurance Institute for Highway Safety, these little cars earned the highest rating available for front and side collisions and the second highest rating for rear-end collisions for cars of this size. You have to give the engineers that designed that car a lot of credit. The president of the Insurance Institute of Highway Safety, Adrian Lund, is quick to point out, "All things being equal in safety, bigger and heavier is always better. But among the smallest cars, the engineers of the Smart did their homework and designed a high level of safety into a very small package."

**MCHA REMINDER**

The Minnesota Comprehensive Health Association is an organization that is established and funded by the State of Minnesota to provide quality health insurance for all Minnesotans who are unable to get health insurance on their own through normal channels. The only requirement is that you be declined by at least one insurance company. The rates are competitive—usually about 20% higher than preferred rates. The program is subsidized by a 2% premium tax on all health insurance premiums paid in the State of Minnesota. It has a six-month waiting period for pre-existing conditions when you first start the coverage. That waiting period is waived if you are coming off of a COBRA plan that has exhausted its coverage, or if you can document that the COBRA plan is far more expensive.

**MCHA ANNOUNCES  
HIGHER  
DEDUCTIBLES**

MCHA has now introduced optional deductibles that are compatible with health savings accounts. HSAs are those accounts where you use pre-tax money to pay uncovered health and dental expenses. For more information, contact MCHA at 1-800-852-3455 or at <http://www.mchamn.com>.

**HOW HAS THE  
TOUGH REAL  
ESTATE MARKET  
AFFECTED THE  
INSURANCE  
COVERAGE ON  
YOUR HOME?**

It hasn't. There's no question that real estate values have declined in the past couple of years—as houses get tougher to move and mortgages are being foreclosed on. But the insurance amount on your home is not the market value—it is the replacement cost value—the cost to build your home new from scratch. That value, as yet at least, has not declined at all. In fact, it continues to increase a little each year as the cost of building materials and labor increase.

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*There you have it! Enjoy the fall! I hope it's as great as the summer we've had.*

*All the best.*

*Jack Hungelmann*



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