

Greetings once again!

Things are going well here. My Risk Management business is growing. I am enjoying the work as much as ever. My health and attitude are both doing well. I am hoping you are doing well too.

This issue completes my 27th year of writing these newsletters for you. Three times a year since January 1985. Here is the information I would like to share with you to help you continue to manage the risks in your life.

**ARE YOU UNINSURED
FOR HEALTH
INSURANCE?**

Have you or someone you know been without insurance for at least six months? Do you have a pre-existing health condition that keeps you from getting insurance in the open market? Do you have income or assets that keep you from qualifying for medical assistance?

**INTRODUCING "THE PRE-
EXISTING CONDITION
INSURANCE PROGRAM"
FROM UNCLE SAM!**

Created by the Affordable Care Act of 2010. Three different deductible plans ranging in cost from \$96/mo. to \$414/mo. depending on your age. If you or someone you know fits the qualifications above, I urge you to look into this.

**FIND OUT MORE AT
WWW.PCIPLAN.COM**

Or, call 1-800-220-7898. The rates are good. The coverage has a reasonable maximum out-of-pocket annual cap of \$5,950. It uses a PPO. And, you can see specialists without a referral. You can apply online or by phone.

**IS IT AVAILABLE
NATIONWIDE?**

No, it's in about 30 states including Minnesota. Those states that don't participate have existing State plans for uninsured people.

**LONG-TERM CARE
RATES ARE INCREASING
ON EXISTING POLICIES**

For the first time, rates on existing long-term care policies are on the rise—up to 25%. Especially true if your policy has a 5% compound inflation factor that raises your coverage 5% every year for the rest of your life with no increases in premium.

**YOU WILL BE GIVEN
TWO OPTIONS**

Pay the increase (do that if it's not a hardship). Or lower your inflation factor to whatever you need to keep your premiums unchanged (typically 3.9%).

**STILL HAVE A \$2,500
WIND AND HAIL
DEDUCTIBLE ON YOUR
HOMEOWNERS POLICY?**

Or worse yet – a 1% or 2% deductible? About 10 years ago, after some significant hail storms that damaged homes all over the Minneapolis/St. Paul metro area, insurers mandated increased wind and hail deductibles. They have since removed these mandates, but many of you still have these higher deductibles on your policy.

**CHECK YOUR
HOMEOWNERS POLICY**

Make sure you don't have a separate deductible for wind and hail claims greater than your deductible for other types of claims. Call Customer Service at Corporate 4 at 952-893-9218. Find out what it costs to have the same deductible for any kind of loss.

FOR EXAMPLE

If you have Harleysville Homeowners Insurance with a \$2,500 wind and hail deductible and \$500 for all other claims, consider changing your all claims deductible to a flat \$1,000. The extra cost of lowering the \$2,500 wind deductible to \$1,000 should be offset by the savings of increasing your non-wind deductible from \$500 to \$1,000.

**HOW EXPENSIVE IS A
DWI THESE DAYS?**

Would you believe close to \$10,000 in Minnesota! A new law effective July 1, 2011, requires anyone ticketed for drunk driving immediately surrender their license until they have an ignition interlock unit installed in their car. The cost is \$200 to install and \$2/day for one year to rent/monitor. But before you can install a unit, you need a signed statement from your auto insurance company that you are insured with them and they agree to notify the state if you drop the insurance in less than one year. If you are insured in a preferred company, this request immediately leads to a cancellation! (Don't Pass "Go" and Don't Collect \$200!) So before you can get your car back, you have to go arrange insurance in a high risk company where you often end up paying 2 or 3 times more for at least three years.

MARY JO'S STORY

Mary Jo, coming home from an evening at her sisters, was stopped and ticketed for a DWI. Her car was towed and impounded. Her license was pulled. Here is a breakdown of her estimated costs for that ticket:

- Fine \$1,000
- Legal fees and court costs \$3,000
- Extra insurance costs for 3 years \$2,000
- Ignition interlock installation \$200
 - One year rental (365 x \$2) \$730
- License reinstatement \$730
- Cab rides to work for a month \$600
- Towing and storage charges \$400
- Personal time to deal with all of this \$ _____
(60 hours @ \$____/hr.)

MARY JO WAS LUCKY

That cost breakdown is missing the biggest cost of all. No one died. No one was critically injured. No families have been destroyed, including Mary Jo's family. It could have been so much worse!

**"SO, WHY ALL THE
DETAIL?"**

To realize how terrible it would be to be in Mary's shoes. Because everyone who drinks at one time or another drives under the influence at some point. I'm hoping that reading this story keeps at least one of us from making that regrettable choice.

**IS YOUR TEEN COVERED
WHEN DELIVERING
PIZZA?**

Or newspapers? Or any other business product? Not necessarily!! Some auto policies exclude business-related deliveries. Progressive excludes coverage for deliveries on both auto and umbrella policies!

WHAT TO DO?

If you or any family member is using one of your vehicles to make deliveries, call Customer Service at 952-893-9218 to make sure your Auto and Umbrella policies cover you. If they don't, we will help you move your insurance to a company that will cover you.

CORVALLIS, OREGON

Rated the city safest from natural disasters by "Sperling's Best Places" in a study of 379 American metro areas for the risks of extreme weather or earthquakes.

**WHO COMES IN
SECOND?**

Mount Vernon-Anacortes, WA. In fact, five of the top eight places to live are in Washington state! [Source: New York Times "Where to Live to Avoid a Natural Disaster Map," Published April 30, 2011.]

**"HOORAY, MAX &
SOFIA"**

My two grandbabies! For picking parents smart enough to move years ago to Seattle! (Grandpa misses you!)

**REDUCING THE RISK OF
SUMP PUMP FAILURE—
A NOVEL IDEA**

In past issues, I have endorsed the idea of a sump pump to handle the risk of basement water seepage following a rainstorm. Homeowners policies typically don't cover water entering your home at or below ground level. Thus, the sump pump recommendation. But sump pumps sometimes fail. Sometimes the cause is mechanical breakdown. More often, from storm-related power outages. To protect against that failure, I recommend you have at least a backup battery or, even better, a full backup system. Then back that all up with sump pump failure coverage.

**A BETTER IDEA—A
BACKUP GENERATOR**

No, not the kind that runs on gasoline that you have to pull a cord to start, in the rain, and hope for the best. Rather, a generator that is wired to the home's electrical system which keeps the battery fully charged. When the power goes out, the generator automatically kicks in, powering key home lighting, refrigerator and other key appliances. And, the sump pump! Isn't that great!
[Thanks to Dave D. for sharing his creative solution to the power outage risk.]

**A WARNING TO FAMILIES
WITH YOUNG DRIVERS—
STORYTIME**

Junior, age 19, convinces you (his parents) to let him buy his own car or motorcycle. You check on the cost to add him to your insurance and let him know that cost. Junior, after picking himself up off the floor, is sure he's being gouged, so he calls around for quotes. He finds one for considerably less money and buys it. Six months later, he slides on ice through a stop sign, striking a vehicle broadside and causing serious injuries to the front seat passenger. The passenger sues Junior for \$1.5 million. You think how relieved you are that you have a \$2 million umbrella policy and that it covers all cars in the household, including Junior's. That is correct but with a hitch.

HERE'S THE PROBLEM

You violated a condition of your umbrella policy, which is to keep at least \$500,000 per person auto liability coverage in place on all household vehicles. But Junior at age 19 isn't concerned about lawsuits so he bought only \$30,000 coverage per person. (That's why the cost was so much less.)

WHAT HAPPENS NEXT?

Junior's insurer immediately pays the injured party his policy limits -- \$30,000. Since your Umbrella policy will only pay a settlement that exceeds \$500,000, Junior now is responsible for the next \$470,000 out of pocket!!!

**IF YOU DRIVE JUNIOR'S
CAR**

Suppose you took Junior's car because it was at the end of the driveway and you were just running a quick errand. Suppose you slid through the same sign and caused the same injury.

**THE RESULTS WOULD
BE THE SAME!**

You would be out-of-pocket the same \$470,000! "But" you protest "I have \$500,000 per person coverage on my three cars. That covers me driving other cars, does it not?"

NOT IN THIS CASE!

Your auto policy does cover your driving other cars, except cars available for your regular use—in this case, Junior's car! The only coverage you have then is the owner's coverage—\$30,000!

WHAT TO DO?

If you have children at home with their own motorcycle or vehicle, make sure they have liability limits high enough to satisfy your umbrella requirements. The safest way of doing that is to insist they buy their insurance from us.

**ATTENTION THOSE ON
MEDICARE**

This is the time of year when you can change prescription drug plans. From October 15th through December 7th, you can change to any other plan. The change will take effect January 1, 2012.

MY ADVICE

Stay with the Blue Cross Standard Plan. It's still the best value for most of you. For 2012, rates will be virtually unchanged at \$39.70 a month. Plus the deductible drops from \$310 to \$160. But if you are on high cost brand name drugs, please do go to www.yourmedicareolutions.com and input your specific drugs into the "Compare Drug Plans" menu choice. See if spending over \$800 more a year for the Blue Cross Premier Plan is worth the difference.

KUDOS TO BLUE CROSS!

Their Medicare Blue Rx prescription drug plans received a perfect five-star rating from Medicare. One of only five plans nationwide to receive such a rating!

**THE 25 DOCUMENTS
YOU NEED BEFORE YOU
DIE**

[From *The Wall Street Journal* July 2-3, 2011]

The greatest gift you can give your spouse or loved ones is to create a folder (aka "Death Dossier") where all important documents are kept together in one place and everyone knows where that place is. Here are the documents recommended by the Journal to be in that place:

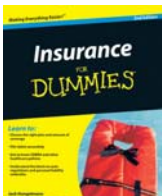
- | | |
|---|--|
| 1. Marriage license | 13. Corporate minutes book |
| 2. Divorce papers | 14. Tax returns |
| 3. Durable Healthcare Power of Attorney | 15. Life insurance policies |
| 4. Living Will | 16. Individual retirement accounts |
| 5. "Do Not Resuscitate" Order | 17. 401(k) and Pension documents |
| 6. Proof of debts owned and loans made | 18. Insurance annuity contracts |
| 7. Housing, land and cemetery deeds | 19. List of bank accounts |
| 8. Escrow mortgage accounts | 20. List of user names and passwords |
| 9. Vehicle titles | 21. List of safe deposit boxes |
| 10. Stock certificates, savings bonds, brokerage accounts | 22. Wills |
| 11. Partnership and corporate operating agreements | 23. Letter of instruction |
| 12. Business buy/sell agreements | 24. Trust documents |
| | 25. A list of the documents that are in this "Dossier" |

I have seen the pain in the survivors' faces as they struggled to find these documents, often without success. (Thanks to Jim Sakara at Corporate 4 for inspiring this.)

Wishing you a beautiful, peaceful fall season.

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.

