

Personal Lines



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Homeowners Insurance

Fall 2011

Volume 7 • Number 3

Covering a College Student's Belongings

If you are sending your child off to college this fall, you probably realize that your life is about to change. You might not realize that your insurance needs change as well. Here's what you need to know about college students and insurance.

Take a peek inside a typical college student's room: you'll probably find a laptop, a smart phone, a television, a bike, clothing, jewelry and furniture. Altogether, most students bring thousands of dollars worth of property to school. If your student is living on campus, her property is probably covered by your homeowners insurance policy. However, most policies do not cover the property of students living off

campus. In either case, you will want to make sure your child's valuables are insured.

Student Property Insurance

College students can buy insurance designed specifically to protect their personal property. This insurance has several attractive features:

- ✱ **Low deductibles:** While homeowners deductibles generally range from \$500 – \$2,000, student policy deductibles can be as low as \$25. If your student's \$1,000 computer is stolen, he could receive \$975 to replace it.
- ✱ **First dollar payment:** Even if your student's possessions are covered by your homeowners policy, the student policy pays the claim. Your own claims history is not blemished by your child's loss.



Insuring Your Food Supply in a Disaster

Many families, including hunters and those who live in remote locations, often have food stores worth many hundreds or thousands of dollars. What would happen if a disaster destroyed these stores?

In most states, homeowners insurance policies do not cover food spoilage. However, if a break in a power line on or close to your property causes a power outage that ruins your food, you may have coverage.

Homeowners policies in some states cover food spoilage. If yours does not, you can usually buy coverage as a policy add-on. Food spoilage insurance will reimburse you for the lost value of any food damaged by a cause of loss covered by the policy.

In a disaster affecting a wide geographic area, however, money might be useless. Many companies today of-

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- ✱ **Worldwide coverage:** This is important for students who plan to study or travel overseas.
- ✱ **Low cost:** This coverage can cost as little as \$125 per year for \$5,000 in coverage with a \$25 deductible.

Student property policies have limitations. Unlike most homeowners policies, they do not cover lost items — only stolen property, confirmed with a police report. Additionally, the policies do not have liability protection, which is standard in homeowners policies.

Renters Insurance

Renters insurance is worth considering if your child is living off campus. It covers personal property that is lost or stolen and also provides liability protection if a visitor is injured while in your student's residence. According to the National Association of Insurance Commissioners, policies generally cost between \$15 and \$30 per month, depending on the location and size of the rental unit and the value of the possessions insured. As with homeowners insurance, you pay a larger premium for a lower deductible. Sometimes, roommates can buy one policy that covers everyone in the rental property.

You need to know whether you are buying “actual cash value” or “replacement cost” coverage. With cash value coverage, the insurer will settle a claim for a lost laptop for a depreciated amount. With replacement cost coverage, your settlement pays to actually replace the computer. You pay only the deductible. Replacement cost coverage costs more, but will provide a higher settlement for property claims.

Please note that some policies have separate, lower limits for valuable items such as jewelry, antiques and electronics. If your child's renters policy doesn't provide adequate coverage for his or her electronics, you can buy additional coverage by “scheduling,” or itemizing, this property separately.

Auto Insurance

If your student is taking a car to school, call us to discuss the best way to handle your auto insurance. Auto rates may be significantly different in the city or state where the school is. We can run the numbers and let you know whether it makes sense to keep the car on your policy or buy a new policy.

fer emergency food supplies that don't require refrigeration. You can insure your family's food security in a disaster by keeping a supply of nonperishable foods and water on hand. Many vendors offer kits with supplies for varying numbers of people and days. However, you can put your own emergency supply together using guidelines from the American Red Cross. http://www.redcross.org/preparedness/cdc_english/foodwater-1.asp

Identity Theft

Identity theft costs victims more than \$5 billion each year. College students are especially vulnerable because they are more open to requests for personal information. (Think Facebook.) Your homeowners policy may already cover you and your family for the costs of reclaiming your identity. Give us a call and we'll confirm your coverage or give you information about adding it.

Protecting Your Property

The Insurance Information Institute recommends several things students can do to help recover lost items and lower the odds of a theft.

- ✱ Leave valuables at home. Do not take unnecessary items such as expensive jewelry.
- ✱ Create a dorm inventory. See www.KnowYourStuff.org for an easy, online inventory form.
- ✱ Engrave electronics with the student's name.
- ✱ Lock the door. Insist that roommates also lock the door to a dorm room or rental unit.
- ✱ Use a laptop security cable.
- ✱ Beware of scams. Encourage your child to talk to you before buying anything that requires advance purchase or providing a Social Security number.

Whenever you have a major change in your family, it makes sense to see if your insurance matches your lifestyle. Call us to talk about insuring your college students and any other insurance-related questions. ■

Ten Ways to Save on Homeowners Insurance

For most Americans, their home represents security, as well as their biggest financial asset. The cost of insuring a home averaged \$780 in 2008, reported the Insurance Information Institute. What you pay could vary greatly from the average, depending on the value of your home and its contents and various risk factors. However, no matter what you pay now, the following tips can help you keep those costs under control, and may help you save.

The amount an insurer will charge to insure any home depends on the risks involved. These include the risk of damage from natural disaster, such as wildfire, windstorm or snow collapse; the risk of human-caused damage, such as arson, vandalism and theft; the type of construction; and the cost of rebuilding. The greater your risk exposures, the higher your premiums will be.

Some of these factors you can't control. But there are some things homeowners can do to reduce their risk exposures and their insurance premiums as well.

- 1** Get a preliminary quote on insurance before buying a home. Even if two properties seem similar in size, features and quality, the cost of insuring them can vary considerably. Location plays a big role in determining risk exposures, and the cost of homeowners insurance. These exposures include local crime rates, including theft, arson and vandalism. You'll pay more to insure a home in a high-crime area than in a safer area. Fire safety also helps determine your insurance costs. It costs less to cover a house close to a fire hydrant or in a community that has a professional rather than a volunteer fire department. Likewise, you'll pay more to cover a house in an area known to be at risk of wildfire, such as in canyons, near woodlands and in remote areas.
- 2** Look at the home's construction. Age of the building and construction type will affect your premiums. Newer buildings—

or those whose electrical, heating and plumbing systems have been updated within the past 10 years—cost less to insure because these systems are less likely to fail and cause damage. In an earthquake-prone region, you'll pay less to insure a woodframe dwelling bolted to its foundation, which will flex in a tremor, than a brick or masonry building. Conversely, you'll pay less to insure a masonry or brick home in an area prone to windstorms.

- 3** Remember that homeowners policies exclude coverage for flooding and earthquake damage. If you buy property in a flood or seismic zone, you must buy these coverages separately, adding to your overall insurance costs. In certain coastal areas, such as Florida, your policy might also have a separate (higher) deductible for windstorm damage, meaning you'll have to bear more of the cost of any wind-related damage yourself.
- 4** Don't base your insurance limits on your home's market value. Much of the value of a single-family home lies in the land. Insure your building and contents only. Even if a fire, windstorm or earthquake leveled your house, you would still have the value of the land.
- 5** Get a quote on homeowners insurance from your auto or personal umbrella liability insurer. Most insurers will give you a discount if you buy more than one policy from them. Discounts generally range from 5 to 15 percent. Before committing, however, check whether the discounted policies are in fact cheaper than buying policies separately. We can help you obtain quotes from different insurers.
- 6** Install protective devices. Many insurers offer discounts to insure homes with fire sprinklers and home fire/security alarm systems. Some systems might not qualify for discounts, so check with your

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insurer before installing anything.

- 7 Ask about other discounts. Some insurers offer discounts to older policyholders (age 50 or 55+), to non-smoking households, to long-term policyholders and to those with good credit ratings.
- 8 Consider retrofitting or remodeling to disaster-proof your home. Bolting a house to its foundation, reinforcing foundations and harnessing furnaces and hot water tanks to the walls can make it more resistant to earthquake damage. Homeowners in windstorm areas can add storm shutters, replace windows with shatter-proof glass and reinforce their roofs. Some of these precautions could qualify for discounts on your insurance; again, check with your insurer before making modifications.
- 9 Raise your deductible. The deductible is the portion of a loss the insured must pay before the insurer begins to pay on a claim. Remember that the purpose of insurance is to ensure your financial security. If you have a low deductible, such as \$250, the loss is unlikely to affect your financial security. However, small claims like these still require handling by the insurer, which costs money. Consider setting aside savings to handle these smaller losses instead—and save 15 percent or more on your premiums.
- 10 Use an independent agent. An independent agent can shop around to find the best combination of coverage, service, price and security for your needs. For more information, please call us. ■

Umbrella Policies: Protection for a Rainy Day

Bad things happen: that's why people buy auto and homeowners insurance policies. But America's love affair with lawsuits means your coverage could fall short. That's where umbrella policies come in. They provide a convenient and surprisingly affordable extra layer of protection for your key assets.



What happens if you are sued for causing an auto accident or your neighbor slips and falls on your property? If you are found liable for causing serious injury, the sky-high cost of medical treatment, lost work time and possibly pain and suffering damages could quickly ex-

haust the coverage limits on those policies. For instance, say you are found liable for \$1 million in damages and your policy limit is \$500,000. Your insurer would pay up to \$500,000 after you meet the deductible, but you would be on the hook for the rest. Virtually everything you own would be available to pay off the debt.

That's where umbrella policies come in. The coverage begins once you reach the limit of your underlying auto or homeowners policy (whichever applies), up to the policy limit, usually \$1 million or \$2 million. In the example above, your homeowners insurance would pay out \$500,000 and your umbrella policy would pay the remainder.

Premiums usually cost between \$200 to \$300 a year for \$1 million of coverage. Your actual cost depends on such criteria as the amount of coverage, the insurance company issuing the policy and your own "personal risk factors," such as the number of traffic tickets you've gotten in the past few years, and possibly your credit report.

Because umbrella insurance works with your auto and homeowners policies, it's a good idea to buy all three from the same company. Not only will you likely enjoy a discount, you will also eliminate the potential hassles of dealing with different insurance companies if a claim occurs.

One of the big pitfalls with umbrella policies is that even when people do buy coverage, they often don't buy enough. An individual's appetite for risk often determines coverage levels. For example, if you have \$1 million in assets, you may be satisfied with a \$1 million policy. But you should also bear in mind that if you are found liable for a greater amount than that, say \$2 million, you could still lose all of your assets and end up having to use your future income to make settlement payments.

What factors determine how much coverage you need? If you drive your car rarely and don't often have visitors to your home, you may decide that your need for the extra umbrella insurance is limited. However, if you live in a wealthy town, where people just love to sue, if you drive a lot in congested areas or if you operate a home-based business and have employees or clients coming to your home on a regular basis, your liability risks may justify a larger policy.

Umbrella policies have some limits. Most will cover you for liability arising from your service on the board of a civic, charitable or religious organization. But they won't cover you for intentional acts that cause damage, for liability arising from a business you run or for punitive damages. In most other cases, however, it pays to have that extra layer of liability protection. ■



How Theft-Prone Is Your Car?

In August, the National Insurance Crime Bureau (NICB) released the latest Hot Wheels list of the 10 most stolen vehicles in the United States. For 2010, the most stolen vehicles in the nation were:

- 1 1994 Honda Accord
- 2 1995 Honda Civic
- 3 1991 Toyota Camry
- 4 1999 Chevrolet Pickup (Full Size)
- 5 1997 Ford F150 Series/Pickup
- 6 2004 Dodge Ram
- 7 2000 Dodge Caravan
- 8 1994 Acura Integra
- 9 2002 Ford Explorer
- 10 1999 Ford Taurus

Preliminary 2010 FBI statistics indicate vehicle thefts dropped another 7.2 percent from 2009 levels. If preliminary numbers hold, 2010 will post the fewest vehicle thefts since 1967.

Improved technology has contributed to lower theft rates. Of the nearly 52,000 Honda Accords stolen in 2010, more than 44,000 were made in the 1990s, compared with fewer than 5,700 produced since the year 2000.

Although vehicle thefts have dropped, they still happen. NICB urges motorists to follow its simple, low-cost

suggestions to make their vehicles less attractive to thieves.

Common Sense: Lock your car and take your keys. Many thefts occur because owners make it easy for thieves to steal their cars.

Warning Device: Having and using a visible or audible warning device can help ensure that your car remains where you left it.

Immobilizing Device: Generally speaking, if your vehicle can't be started, it can't be stolen. "Kill" switches, fuel cut-offs and smart keys are extremely effective.

Tracking Device: A tracking device emits a signal to the police or to a monitoring station when the vehicle is stolen. Tracking devices are very effective in helping authorities recover stolen vehicles. Some systems employ "telematics," which combine GPS and wireless technologies to allow remote monitoring of a vehicle. If the vehicle is moved, the system will alert the owner and the vehicle can be tracked via computer.

If you are considering buying a used vehicle, check its history at no cost at www.nicb.org/vincheck. VINCheck can help you avoid buying a problem vehicle by listing vehicles reported as stolen, but not recovered, or reported as a salvage vehicle by cooperating NICB members. (Source: National Insurance Crime Bureau, www.nicb.org) ■

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