

Personal Lines



222 S. Market Street, Suite 101
Elizabethtown, PA 17022
(717) 367-5134
Fax: (717) 367-9244
www.olweiler.com



Liability

Winter 2011

Volume 7 • Number 4

Liquor Liability: Keeping the Cheer in Holiday Parties

Holiday parties, Christmas, New Year's Eve, Superbowl Sunday...party season is here. Keep the cheer in your holidays by avoiding alcohol-related accidents.



Planning a party can be a complex operation — finalizing the guest list, the menu and the entertainment can tax even the most accomplished host. In this whirlwind of activity, many party-givers tend to overlook their potential liability if a guest drinks too much and is involved in an accident. Such incidents can do a lot more than just spoil a party — they can leave the hosts facing huge bills if they are found liable for contributing to the incident.

Hosts should be aware that if they serve any type of alcoholic beverage, they could be named in a lawsuit if a guest is involved in an accident. Although auto accidents immediately come to mind, you can also be liable if an inebriated guest stumbles on your walkway while leaving your house.

continued on next page

This Just In

If you experienced a property loss due to theft or casualty this year, you may be able to deduct it on your 2011 tax return.

Certain conditions apply. First, if the property is insured, you must file a timely claim to your insurer. Second, you can deduct only the part of the loss that is not reimbursable in the tax year the casualty occurred or the theft was discovered. However, a disaster loss and a loss from deposits in insolvent or bankrupt financial institutions may be treated differently. If you aren't sure if part of the loss will be reimbursed, do not deduct that part until the tax year when you become reasonably certain it will not be reimbursed.

Deductible losses include property damaged by casualty, such as fire, storm or other natural disaster, and losses due to theft, including embez-

continued on next page

State laws governing this type of liability differ widely. Currently, many states have statutory “social host laws” or case law precedent that hold hosts responsible for providing alcohol to minors or to people who are intoxicated and later are involved in accidents. These laws apply whether you own your home or rent.

The standard homeowners, condominium and renters insurance policies provide some personal liability coverage. Renters are at particularly high risk because roughly two-thirds of them don’t carry any renters insurance.

For many people, particularly those with high net worth or prominent positions, the minimum limits included in their homeowners policy will not provide enough liability coverage, since these people are more likely targets of lawsuits. Your coverage should not exclude alcohol-related incidents or cases where the policy owner has been negligent – for instance, by serving alcohol to someone who is clearly intoxicated.

You might want to consider buying an umbrella policy that supplements your homeowners’ coverage. Say that your homeowners’ liability coverage limit is \$300,000. An umbrella liability policy would kick in once that \$300,000 is used up. Umbrella policies typically start at \$1 million in coverage for a premium of between \$200 and \$600 a year.

There are other things you can do to limit your potential liability from hosting a party. Most importantly, you don’t want to serve alcohol to anyone under 21. Even if you have great liability coverage,

zlement and Ponzi-type investment schemes. You can also deduct losses on deposits in insolvent or bankrupt financial institutions.

You cannot deduct money or property misplaced or lost; breakage of china, glassware, furniture and similar items under normal conditions, or progressive damage to property caused by termites, moths, other insects or disease.

For assistance in filing a property claim, please contact us.

serving liquor to a minor could jeopardize your coverage, as an illegal act. And some policies may not provide coverage if you knowingly serve an individual who already is acting intoxicated.

Hiring a professional caterer or bartender can help limit your exposure. Verify that they have insurance that covers them and you from the consequences of a mishap. Finally, if an incident does occur, notify your insurer right away. Some policies will exclude claims if you didn’t provide “timely notice.”

If you plan to hire a professional caterer or bartender, we can help you evaluate their coverage to ensure it insulates you and your family from liquor-related liability. We can also review your insurance program to ensure you have adequate liability coverage. For more information, please contact us. ■

For an overview of social host liability laws by state, including laws on furnishing alcohol to minors, please see the website of the Alcohol Policy Information System, www.alcoholpolicy.niaaa.nih.gov/.

For state-by-state information on DUI/DWI (driving under the influence/driving while intoxicated) laws, please see the website of the Insurance Institute for Highway Safety, www.iihs.org/laws/dui.aspx. ■

Tips for a Safe Party

- ✓ Limit your guest list to those you know well.
- ✓ Let guests know you’ll provide transportation home if their behavior seems questionable.
- ✓ Only serve party-goers who you know are over the legal drinking age of 21.
- ✓ Stay sober and serve the drinks yourself (if you’re not using a caterer or professional bartender), so you know which guests are reaching their limit.
- ✓ Have plenty of food available, so guests aren’t drinking on an empty stomach.
- ✓ Close the bar at least an hour before people will be leaving.
- ✓ If young people are attending a party at which alcohol is being consumed, have them turn in their car keys and return them only if you’re confident they have not been drinking. ■

Keeping Teens Safe Behind the Wheel

Teen drivers are four times more likely to be involved in a fatal car crash than an adult, found a study by The Children's Hospital of Philadelphia and State Farm Insurance Companies. Parents can do several things to help keep their teenagers safe behind the wheel. Here are a few of them.

- ✓ Coach your son or daughter. Talk openly and frankly with your teenager in order to determine his or her attitude about being behind the wheel. Work with your teen to set ground rules, such as the number of people allowed in the car, where the car may be taken, and curfew.
- ✓ Make sure you know the rules of the road. Some states have more restrictive rules for underage drivers. Most have curfews that prohibit drivers under the age of 18 from operating a vehicle between certain nighttime hours. Some will waive these restrictions after the teen has had his/her license for a specified time. Some prohibit underage drivers from having other minors as passengers. And many restrict or prohibit the use of cell phones while driving. In California, for example, adults can use a mobile phone with a hands-free device, while underage drivers cannot use a phone at all while operating a vehicle.
- ✓ Understand the real hazards facing teen drivers. Contrary to popular belief, most serious accidents involving teens were not caused by aggressive driving, risk-taking or even drowsiness. Seventy-five percent of accidents studied by The Children's Hospital and State Farm involved a "critical error" in judgment that led up to the crash. The study identified the three most common such errors as lack of scanning needed to detect and respond to hazards, going too fast for road conditions, and being distracted.
- ✓ Use emergency road service. If you do not belong to a motor club, consider joining one that provides 24-hour emergency road service. That way, teenagers may call for help at any time if they need gas, need a jump-start, are locked out or need a tire changed. You can also arrange with the motor club to provide service for your teen if they are in a friend's car.



- ✓ Have an open discussion about driving under the influence. While no one wants to think about the possibility of their teenager drinking and driving — or being in a car with an impaired friend at the wheel — we need to be realistic. History has shown that teenagers will experiment with alcohol. You should make it clear to your teen that driving after drinking is not acceptable. However, if they ever do drink, or are in a car with someone else who is impaired, make it clear to your teens that they can call you at any time of the day or night and that you will come to get them — no questions asked.

Two other effective, though more costly, things you can do are:

- ✓ Install a “governor.” Many vehicles — school buses and certain types of delivery vehicles are good examples — have a “governor” installed in them that restricts the amount of fuel that can be injected, thus preventing the vehicle from being driven over a certain speed. A governor in your teen’s car may help keep him or her within the speed limits.
- ✓ Install a global positioning system (GPS) in your teen’s car. You can program it to let you know where your teenager is driving at any time. With the GPS, you can set a radius of operation and the GPS will notify you if your teen has taken the car outside of that radius. It can even alert you when the speed limit is being exceeded.
- ✓ A GPS can also notify you if the car is being kept out past an agreed-upon curfew. This may seem like a rather extreme measure; use of a GPS may best serve those parents who have a reason to mistrust their teenager.

When your son or daughter gets a driver’s license, come into our office so we can review your insurance options with both of you. It is important for you — and your son or daughter — to remember that, yes, your auto insurance rates will go up, but they will come down after he or she gains a couple years of driving experience. However, your rates will really go up if your teenager has tickets or gets into accidents. ■

Protect Yourself from Identity Theft

First, the good news: the number of identity theft victims dropped 28 percent between 2009 and 2010—from an estimated 8.1 million adults to 3 million. Now the bad news: their average out-of-pocket costs per incident have increased, from an average of \$387 in 2009 to \$631 in 2010. (Source: *Javelin Strategy and Research, 2011 Identity Fraud Survey Report*)



Identify theft occurs when someone uses an individual’s personal identifying information — name, address, credit card or Social Security number — without authorization to open new charge accounts, order merchandise or borrow money. When the bills pile up, the thief disappears. Victims of identity fraud

lose money, their good reputation and their credit rating, which can hinder their ability to borrow money or find a job.

The Truth in Lending Act generally limits liability for unauthorized charges to \$50 per credit card account. Debit cards have fewer protections. However, when you become the victim of identity theft, it’s your responsibility

ity to clear your credit record, which can take hours and cost hundreds or thousands of dollars.

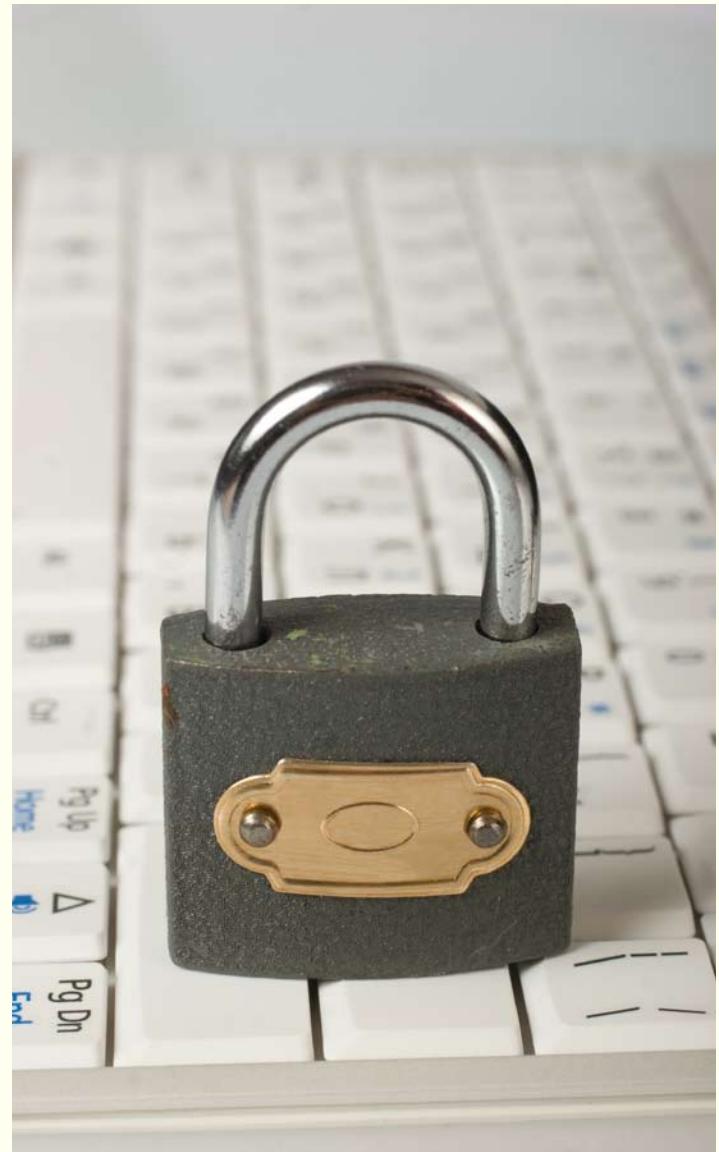
Dealing with identity theft is costly in terms of time and money. Identity theft victims spend an average of 50 to 175 hours restoring their name and credit history, according to data from California Public Interest Research. Identity theft protection can help you reduce the financial and physical toll of dealing with identity theft.

Identity theft protection takes two forms: identity theft insurance, and non-insurance identity theft protection programs. Insurers often bundle identity theft coverage into other programs, including some homeowners insurance programs. Check your homeowners policy—some insurers, particularly high-end insurers, automatically include some identity theft benefits. Others offer identity theft insurance as an add-on through a policy rider, which usually costs only about \$25-\$50 per year. And some prepaid legal plans also include services to help members deal with identity theft.

If your existing insurance plans don't include coverage for identity theft, you can buy standalone coverage. Is it worthwhile? Although coverage doesn't cost much, these standalone policies usually cost more than adding a rider to your homeowners or renters policy. Before buying, check the coverage. As with most insurance policies, identity theft policies do not cover any direct monetary losses due to identity theft. Most policies will reimburse you for the costs involved in dealing with identity theft and correcting your credit record. These can include phone, notary and certified mail costs. Some policies also provide some coverage of lost wages resulting from taking time off to deal with identity theft. Some policies also cover attorney fees, subject to policy conditions and limits, and assistance in restoring credit.

Non-insured products typically offer services designed to detect identity theft early and minimize resulting losses. These include credit monitoring and notification services; some provide reimbursement or coverage for costs of repairing credit records. Some also provide education and other tools designed to help reduce the chances of identity theft.

For more information on identity theft protection and other ways to protect your family's finances, please contact us. ■



How to Prevent Identity Theft

The best way to prevent identity theft is to protect personal identifying information. The tips below can help you minimize the risk of experiencing identity theft:

- ✦ Protect your Social Security number. Do not carry your card with you and do not provide your number unless necessary. Employers require it for payroll and reporting purposes; lenders and landlords may request it to check your credit report. If anyone else requests your Social Security number, find out how it will be used. If it's not needed, ask them to use an alternative number.
- ✦ Request a copy of your credit reports once a year. Each of the three major credit bureaus must give consumers a free copy of their credit report once a year; request your copy at www.annualcreditreport.com. Check each report for unfamiliar accounts or suspicious charges and dispute them immediately.
- ✦ Ask credit bureaus to notify you at a certain phone number before granting credit.
- ✦ Pick up your mail immediately. Many identity thieves find personal information in mailboxes. If you will be away, put mail on vacation hold.
- ✦ Minimize unwanted solicitations. ID thieves often use preapproved credit card offers to steal identities. To opt out of solicitations, go to <https://www.optoutprescreen.com>.
- ✦ Shred papers containing personal identifying information or account numbers before discarding.
- ✦ Before discarding CDs, hard drives or other media that contain personal information, overwrite them.
- ✦ Protect your personal information online. Use virus protectors and firewalls on your computers. Never access personal financial information when using an unsecured wireless network.
- ✦ When shopping online, use only secured sites. Look for <https://> in the web address.
- ✦ When using a debit or ATM card, do not let others see you enter your PIN.

If you become the victim of identity theft, don't panic. The Federal Trade Commission provides very helpful, step-by-step information on what to do at <http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/defend.html>. ■

Personal Lines



The information presented and conclusions within are based upon our best judgment and analysis. It is not guaranteed information and does not necessarily reflect all available data. Web addresses are current at time of publication but subject to change. This newsletter is FINRA-compliant; Smart's Publishing does not engage in the solicitation, sale or management of securities or investments, nor does it make any recommendations on securities or investments. This material may not be quoted or reproduced in any form without publisher's permission. All rights reserved. ©2011 Smart's Publishing. Tel. 877-762-7877. www.smartspublishing.com