

Personal Lines



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Property Insurance

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How Safe Is Your Safe Deposit Box?

Most people rent safe deposit boxes to protect valuables and important documents from theft, fire, flood and other disasters. Here are some tips to ensure the contents of your safe deposit box remain safe.

How safe are the contents of my box?

1 Theft. Thefts from safe deposit boxes are rare, but they do occur. The Federal Deposit Insurance Corporation (FDIC) recommends reviewing the bank's security measures before you rent a box. Check access procedures and security devices, even talk to the vault attendant. "Observe such things as whether customers, locksmiths or other people are left alone inside the vault, which may give them an opportunity to tamper with the locks," says Kate Spears of the FDIC's Division of Compliance and Consumer Affairs. Also, make sure the bank's safe deposit area has a viewing room or booth outside the vault that you can use to inspect your box's contents in privacy and safety.

Protect your two box keys by keeping them apart from each other in safe places, not with your house or car keys. Don't keep them on a key ring or in an envelope indicating the bank's name. Give your extra key only to someone you trust. If you lose a key, notify the bank immediately so personnel can be alert against someone trying to commit fraud, advises Chicago banker Donald Sansone. If you lose both keys, you should get a new box, and be prepared to pay to have your old box drilled open.

2 Fire and flood. The companies that manufacture safe deposit boxes and the vaults that house them make them highly "resistant" to fire, flood, heat, earthquakes, hurricanes, explosions or other disastrous conditions. The key word is "resistant."

There's no 100 percent guarantee against damage, and substantial losses sometimes occur. Hurricanes Katrina and Ike flooded more than 250 safe deposit vaults.

David P. McGuinn, president of Houston-based Safe Deposit Specialists, a consultant to banks and consumers, recommends protecting stored items by sealing them in airtight, zip-lock bags or Tupperware-style containers. Also, put your name on each item, keep a list of the box's contents, make copies of important documents and take photos of valuables left in the box. These precautions can increase your chances of successfully identifying, claiming or recovering an item if a disaster occurs, says McGuinn.

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Unfamiliarity with his auto policy might have cost wrestling star Hulk Hogan more than \$1.5 million. An article in the *ABA Journal* reported that Hogan, whose real name is Terry Bollea, sued two Florida attorneys, alleging they wrongly charged him more than \$1.5 million to defend his son in an auto accident case.

In 2007, Bollea's son Nick was involved in an auto accident that left a passenger semi-conscious. Bollea hired the attorneys to defend his minor son, not knowing his auto insurance policy covered legal defense costs. He alleged the attorneys never told him his insurer would have paid for legal counsel.

The attorneys released a statement saying, "We had a written agreement signed by Terry Bollea and Nick Bollea that laid out our rates, and ... we provided written estimates of the time and costs...Mr. Bollea paid the bills and did not raise any complaints about our representation."

The bodily injury portion of your auto policy covers claims (including legal defense costs) if your covered car injures or kills someone. Coverage applies to family members living with you and others driving with your permission. Make sure your limits are high enough to cover catastrophic claims.



Pet Insurance: Is It Worth the Cost?

Pet owners spent \$24.5 billion on veterinary medicine in 2006, more than double what they paid 10 years earlier, said the American Veterinary Medical Association (AVMA).

One reason is that people are more willing to do whatever they can to care for their pets. The AVMA reported that nearly one-half (46 percent) of pet owners considered their pets to be members of the family. Another reason is the growing sophistication and cost of treatments available for companion animals. While parents have long considered visits to the orthodontist just part of the cost of raising a child, now they might have to decide whether to budget \$1,000 to \$2,000 on braces for their puppy as well. And when Spot gets older, he will have access to many of the same cancer treatments available to humans.

The first pet health insurance policy in the U.S. was written in 1982 to cover Lassie, the canine TV star. Today, however, even ordinary pets can get health insurance coverage. Is pet health insurance worth the money? Here are some things to consider.

Pet health insurance works like your own health insurance policy, with premiums, deductibles, coinsurance and limits. These determine how much your policy costs and what you will end up paying out of pocket when you use your coverage.

Premiums: Premiums will vary depending on species, breed, age and your geographic location. A recent comparison of premiums for policies from the leading insurers at petinsurancereview.com found they ranged from \$5.75 to \$76.79 per month for dogs. Interestingly, some of the least expensive plans had the highest consumer ratings. And many insurers offer a discount for insuring multiple pets.

Deductibles: Most policies have a deductible for covered services that ranges from \$100 to \$200. This means you must pay the

first \$100 or \$200 of covered services before your policy will begin paying. To save money, select the highest deductible you can afford.

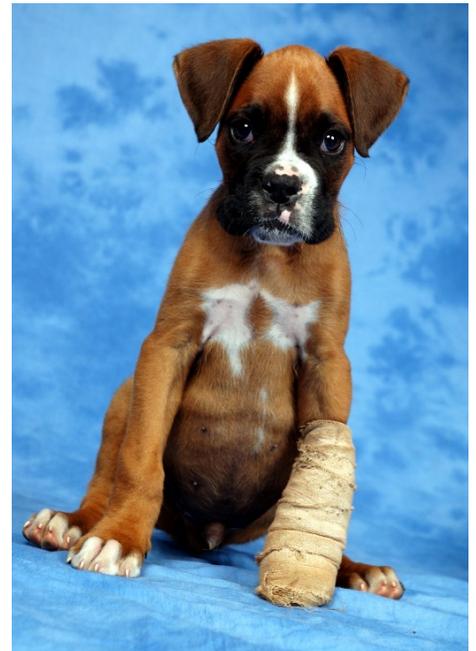
Be sure to read the fine print—while your major medical insurance policy probably has a calendar-year deductible, some pet insurance policies have a per-incident deductible. If your pet has more than one covered accident or illness per policy term, you'll have to pay the deductible for each one.

Coinsurance: Check your policy's coinsurance provision. If your policy has an 80 percent coinsurance percentage, the insurer will pay 80 percent of all covered services after you meet the deductible; you will be responsible for the remaining 20 percent. The best policies pay a straightforward percentage of your veterinarian's bill for covered services. Others will pay a percentage of a pre-determined benefits schedule, which limits the amount the policy will pay for a particular service. You will be responsible for any portion of the bill the insurer doesn't cover.

Limits: Policies can have both per-incident and lifetime limits. As the terms imply, a per-incident limit applies to each covered accident or illness, while a lifetime limit applies to the lifetime of the insured pet. If these limits are too low, your policy might not provide enough coverage when you most need it.

What are covered services?

Before buying a policy, decide what you want your coverage to do. You can buy policies that will cover your pet for the cost of treating accidents only; for accidents and illness; and for accident, illness and preventive care/wellness. The latter policies provide the most comprehensive coverage. However, they also cost the most. Most preventive care



expenses, such as annual examinations and vaccinations, are fairly predictable. You can save money by budgeting for these expenses, keeping your pet fit and healthy, and buying insurance to protect your budget from the unexpected cost of accidents or serious illnesses.

Your policy will include a list of covered services. These should include the cost of office visits, surgery and possibly prescription drugs needed to treat covered accidents or illnesses. Some policies will pay a straightforward percentage of your veterinarian's bill for covered services; others will pay a percentage of "reasonable and customary" charges, while others will pay according to a schedule. Policies that provide a flat percentage of your veterinarian's bill offer the best coverage.

What does it exclude?

As with any insurance policy, your pet insurance policy will include a list of exclusions. These can affect the value of your coverage more than any other provision, so be sure to read them before buying any policy. Common exclusions include:

- ✱ **Breeds:** Some policies exclude or charge higher premiums to cover certain breeds.
- ✱ **Hereditary conditions.** Some policies exclude coverage for specified hereditary conditions. Some of these do not mani-



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fest until a pet is older, so a seemingly healthy young pet might need expensive surgery later. Don't be shocked if your policy doesn't pay.

- ✳ **Age limits:** Some policies won't cover animals younger than 8 weeks old or over 8 years old.
- ✳ **Pre-existing medical conditions:** As with health insurance policies for humans, a "pre-existing medical condition" is one that existed before coverage began.

You will also want to understand how your policy handles pre-existing medical conditions upon renewal. If your pet requires treatment during your policy period, some insurers will automatically consider that condition pre-existing when the policy renews, effectively eliminating any coverage for that condition. Other insurers offer lifetime continuous coverage—as long as you renew your coverage, the insurer will not automatically disqualify claims for chronic health problems as pre-existing conditions.

Kirstin Losert, DVM, a practicing veterinarian and co-owner of Veterinary Emergency & Specialty Hospital in South Deerfield, Mass., recommends pet health insurance for most pet owners. "You might not use it some years, but if your pet needs emergency surgery, you could suddenly face a bill of \$3,000. If insurance means the difference between being able to afford the surgery that keeps your pet alive and having to euthanize it, then it's worth the price."

It's important to note, however, that most pet health policies are written on a reimbursement basis: You pay the veterinarian's bill and present it to the insurer for reimbursement. "The problem is that people have to come up with the money up front," points out Dr. Losert.

A good insurer will provide reimbursement promptly. You can also find short-term credit at low or no interest through specialized services such as CareCredit, a low- or no-interest credit card specifically for paying veterinary and healthcare bills. For information on pet health insurance, please contact us. ■

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Who covers me if items stored in my safe deposit box are lost or damaged?

Coverage under the FDIC and NCUA applies only to deposits you make in insured deposit accounts at a bank or credit union—such as checking and savings accounts. It does not apply to property stored in safe deposit boxes. Your bank is unlikely to reimburse you for theft or damage to your items, unless you can prove it acted negligently.

Most homeowners policies cover your personal possessions no matter where they are located. However, most policies include separate, lower limits for jewelry, coins, collectibles such as stamps and "valuable papers"—exactly the types of items you'd likely store in a safe deposit box. And homeowners policies generally exclude coverage for flood.

Some banks provide insurance for safe deposit box contents. Before buying this coverage, check with your homeowners insurer. You can usually add an endorsement, called a **personal articles floater**, to your policy to cover valuables such as jewelry and coins.

If you keep your original stock and bond certificates in your box, you'll need a **lost instrument bond** if these documents become lost or irreparably damaged and you need duplicates. The lost instrument bond guarantees that if the original document is recovered, the issuer of the duplicates will not suffer economic loss and the original will be returned to you or the surety company for proper disposal.

For more information on insuring items in your safe deposit box and other valuables, please contact us. ■

Personal Articles Floaters

1 Personal articles floaters often provide broader coverage than your homeowners policy. Many provide "all-risks" coverage, covering your property for all causes of loss unless specifically excluded. Typical exclusions include wear and tear, insect damage, nuclear activity, hostile or warlike action, and confiscation by order of government or public authority. This differs from the homeowners policy, which covers your property only for loss or damage caused by specified perils, such as theft and fire.

As an example, a jewelry floater would likely cover your heirloom diamond brooch for "mysterious disappearance" or if one of the stones fell out. It might also cover the brooch if it were lost in a flood, which homeowners policies exclude.

2 Premiums depend on the total amount of insurance provided. You can buy insurance on either a schedule or blanket basis. You will generally want to "schedule," or list, more valuable

items. The schedule includes detailed descriptions of each item and its value. (You might need an appraisal.)

3 Pricing depends on location. Insurers price coverage depending on risk of theft or loss at the property's primary location. You'll pay less to insure an item kept in a safe deposit box than one kept at home, but if you remove items from your box, you must notify your agent. For items like jewelry that you might want to use on occasion, this could be inconvenient. For this reason, many people choose to insure jewelry primarily stored in a safe deposit box as if it were kept at home.

4 You can also buy stand-alone coverage. Some homeowners insurers will only provide personal articles floaters as a policy add-on if the amount of coverage does not exceed the contents coverage under your homeowners policy; some if it does not exceed 50 percent of contents limits.

For more information, please contact us. ■



When Parties End in Tragedy

In 2008, 11,773 people were killed in alcohol-impaired driving crashes, which accounted for 32 percent of all motor vehicle traffic fatalities in the United States.



Don't let liability for an alcohol-related accident ruin your holiday season. If you or a resident family member occasionally host social events involving alcohol, you could be vulnerable to "social host liability."

What is "social host liability"?

Currently, more than 30 states and more than 150 counties and cities have either case or statutory social host laws that hold hosts responsible for providing alcohol to minors or to people who are intoxicated and later involved in car accidents. Many drunk driving cases end up in civil courts, where injured parties seek monetary damages from the host. Depending on the law and situation, you can also be charged with criminal acts and tried in a criminal court. If found guilty, you could

be subject to fines, imprisonment or both.

In addition, if your city or county has a social host liability law, you could be liable for fee recoveries. According to Mothers Against Drunk Driving (MADD), "an underage drinking party on private property is considered a civil public nuisance and threat to public welfare. Whoever controls the property where the party was held is held civilly responsible for associated costs of police, fire or other emergency response services dispatched to party, [and] police officer and court time necessary to settle the complaint."

To check social host liability laws in your state and community, see the MADD Web site, <http://www3.madd.org/socialhost/index.aspx>.

What about insurance coverage?

Your homeowners policy might provide protection for social host liability. Section E of your homeowners or renters policy provides coverage to you and residents of your household if you become legally responsible for injury to others. This coverage normally includes legal defense costs and damages.

Homeowners liability coverages generally exclude business activities, so if an accident occurred after you entertained business associates, your coverage might not apply. And policies generally exclude coverage where the policy owner is guilty of "intentional acts" or criminal activity.

In addition, your homeowners or renters policy might provide relatively low liability limits—for example, \$300,000 in personal liability coverage and \$1,000 per person in medical expense liability coverage. A catastrophic drunk-driving case could exhaust your coverage pretty quickly.

Most families should consider buying an umbrella policy to supplement the liability coverage under their homeowners or renters policy. Umbrella liability policies kick in once you exhaust the liability limits under your homeowners, renters or auto policy. Umbrella policies typically cost only \$200 to \$600 per year for \$1 million in coverage—a small price to pay for peace of mind. For information, please call us. ■

Homeowners Insurance: Are You Underinsured?

Housing values fell again in the third quarter of 2009, reaching a median of \$190,000 for a single-family home, according to real estate information source [Zillow.com](http://www.zillow.com). This marks the 11th straight quarterly decline in home values. If your home's market value has declined, you may think of it as an opportunity to save money by decreasing your homeowners insurance limits. But you'll want to think again.

Sometimes homeowners confuse market value with replacement cost. Replacement cost is the amount of money it would take to replace your home and its contents in the event of a total loss. In order to be fully insured—to have insurance-to-value—you need limits equal to the full cost of replacing the property, regardless of its current market value.

Construction costs have not declined, even as the real estate market has nose-dived, according to Peter Wells, president of MSB, a leading supplier of building-cost data. "Market value is driven by market conditions, supply and demand, emotion and

fear," said Wells. On the other hand, "the cost to rebuild is based on hard facts such as wages, materials, equipment and labor."

According to Wells, construction costs continue to inch up, increasing three percent nationally in the last year. The costs of petroleum-based materials such as pipes and shingles have increased, though labor costs have declined and hungry contractors sometimes cut their profit margins to get work.

Other factors leading to higher costs include:

- ✦ Increased insurance costs for contractors
- ✦ Increased taxes on construction in some localities

The bottom line: Construction costs are up. Make sure your homeowners insurance limits will give you enough coverage to replace your home and its contents in the event of a fire or other disaster. For an evaluation of your current coverage, please call us. ■