

Insights and Updates



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[Summer • New York]

Earthquakes—they can happen anywhere

Who can forget those shocking first TV broadcasts from Haiti? The pancaked buildings, destruction everywhere ... Since Haiti, we've seen more earthquakes occur in Chile, Indonesia, Cuba and other spots around the globe.

Very little of Haiti's damage will be covered by insurance. Here in the U.S., the result wouldn't be much different: Standard homeowners policies don't cover earthquakes.

We shouldn't think earthquakes only happen elsewhere. The U.S. Geological Survey says quakes pose a significant risk to 75 million people, including residents of New York City.

Scientists at Columbia University have data on 383 known earthquakes in the 15,000-square-mile area surrounding New York City from 1677 to 2007—that's almost one a year.

Earthquakes in the East could affect much larger areas than similar quakes out West, due to our region's geology, according to the USGS. Moreover, they could cause more destruction because buildings here aren't designed to withstand earthquakes. While homes aren't likely to collapse in moderate-size

earthquakes, significant damage is not uncommon, resulting in costly repairs.

Fortunately, earthquake protection can be purchased separately. Because overall earthquake risk is less in our area, coverage is less expensive than out West.

If you would like to discuss earthquake coverage for your home, please contact our office.

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Insurance fraud hurts us all

When anyone commits insurance fraud, be it a one-time exaggeration of a personal insurance claim or a conspiracy to submit false or inflated invoices in an effort to boost profits, guess who pays the ultimate price? We do. As expenses rise, so do premiums. The Insurance Information Institute estimates that insurance fraud adds up to \$30 billion per year in bogus losses. This number isn't necessarily absorbed as the cost of doing business. As a result, insurance companies have an additional cost related to this issue—the cost of identifying, investigating and fighting these claims. It's not cheap to pursue fraud. Not only does the consumer receive higher premiums based on increased losses, but also the cost for investigating and taking legal action against the fraudster.

Think about the cost of the insurance that you hold. How much do the premiums of all of your policies add up to each year? If you are paying for insurance fraud through increased premiums, suddenly, this problem becomes more relevant. Why should the rest of us pay for theft? Insurance fraud is stealing and is a crime. It hurts every policyholder in the nation.

If you suspect insurance fraud, give us a call. We'll help you report it to the proper authorities.

ATV insurance

With warm weather approaching fast, you may be thinking about your favorite outdoor activities. All-terrain vehicles are a popular summertime choice for residents of the Northeast. But, before hitting the trails, consider this: Is your ATV properly covered against damage or loss?

ATVs are designed to let you ride through conditions for which ordinary vehicles are not equipped, like rocky paths and steep trails. As a result, they tend to get damaged easily. Additionally, they have notoriously high theft rate. Though a typical homeowners policy may cover your ATV when kept on your own property, it is important to consider specialized coverage when you ride off site—in fact, law often requires that a vehicle be registered and insured when operated on public land.

There are a wide variety of options in dedicated coverage for your ATV, including

which ATVs are often used, collision does not cover cosmetic issues, only structural damage.

- **Comprehensive.** This type of coverage pays for what collision doesn't—subject to exclusions in the policy.
- **Bodily injury/property liability.** If you cause injury to people or damage property with your ATV, this coverage will protect your assets up to your chosen limit.
- **Uninsured/underinsured motorist.** If you are involved in an ATV accident with someone who is either un- or underinsured, this protection will cover your injuries and damage to your vehicle if the other party is legally liable.

Some cheap investments—like your favorite summer "toy"—are not protected and give us a call to learn more about special coverages for your ATV.





Factors for high insurance rates

For most of us, thoughts of insurance aren't something we like to belabor. Each year, we take a deep breath and pay our premium; we're dismayed at the cost, but we're glad it's over for the year. However, this is not the sort of economy in which we can let any segment of our finances go unexamined.

Insurance rates can seem mysterious and opaque. And, in truth, they are complicated. Insurance isn't priced like other products, because the money each of us pays helps cover the cost of unforeseen future fires, burglaries or accidents. Underwriters, the people who set rates for insurance, essentially try to predict the future. Where does that leave us? Trying to predict the future?

Fortunately, there are several guidelines to help get your rates under control.

Auto insurance

- **Location.** The premium an individual is charged is affected directly by the number and costs incurred by accidents of drivers who live in his or her rating territory—and by the number of thefts in that territory.
- **Driver classification.** Drivers are grouped by age, gender and marital

status. Some groups have more frequent and more costly accidents than others. The highest rates usually are assigned to youthful drivers.

- **Driving record.** Drivers with accidents and serious violations on their records generally are charged more because statistically they will have more claims than the average driver.
- **Use of car.** Cars used for business or as a second car are more costly to insure than those used only for commuting. New cars, for example, are more costly to repair and to replace than are older vehicles.
- **Your credit.** As strange as it may sound, there appears to be a link between credit scores and greater-or-less-than-average loss experience. (See "Credit scores and insurance" on page 4.)
- **Discounts.** Most companies offer some standard discounts, including: taking a defensive-driving course, qualifying as a good student and insuring multiple vehicles. Some insurance carriers have developed their own discounts for such things as buying your homeowners policy from the same company.

Homeowners insurance

- **Location.** Just as with auto insurance, with homeowners coverage, the factors are points like location. Houses in fire-prone areas or in expensive houses with flammable materials, like brick, have lower rates than those made of materials that are not so good.

Cost. The lower the cost of your home, the cheaper the insurance. But, make sure you consider the replacement cost of the dwelling at today's prices.

- **Type.** Single-family, owner-occupied homes cost less to insure than duplexes. Factors such as a home business can drive up the premium.
- **Claims history.** Whether or not you owned it at the time, insurance companies consider previous claims when they calculate your premium rate.

Of course, your professional, independent insurance agent is your best bet to reduce your insurance rate. If you need to make a change or are just curious, give us a call today. We'll compare coverage from a variety of carriers to find you the best deal.

Credit scores and insurance

With incessant commercials stressing the importance of credit scores, you probably understand its basic purpose. But, did you know that some insurance companies also monitor their clients' scores? Companies' primary evaluation of potential clients comes from what is known as an insurance score. This number is a calculation based on a person's insurance loss history, correlated with credit report information. Your degree of risk is based on the history of others with similar statistics. While your credit score is not the sole factor used in setting premiums, a low score can have a negative impact.

The original purpose of credit scores was to gauge the likelihood of repaying a loan. However, the figures are being used for more and more industries. It has become a problem for many people.

Three credit scores are used by even more companies. Even if you have a good credit score, it doesn't mean you have a good insurance score.

If you find yourself battling a poor rating, obtaining a report is the first step toward improvement. Having access to the reports lets you find and fix any incorrect information. It also identifies delinquent accounts, debts and late payments. There are several ways to raise one's score. One of the first steps is to set a spending limit on the credit cards. Paying credit card bills on time and reducing outstanding debt also will boost scores. Canceling cards or opening new ones is not advised, as it can negatively affect credit scores. If your debt has become overwhelming, you should contact their credit counselor for a strategy.

It is crucial for you to know your credit score. It can affect your life in many ways. For example, if you have a car, obtain a bill for your car insurance. If you have a car, obtain a bill for your car insurance. If you have a car, obtain a bill for your car insurance. If you have a car, obtain a bill for your car insurance.

If you have any questions or concerns on this topic, don't hesitate to contact your professional insurance agent.

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News from our agency

It's a good idea to update insurance policies annually

Unless you work for an insurance company or are an insurance agent, you probably never think about updating your insurance. However, you should review or update all your insurance policies at least once a year under normal circumstances and more if you've had changes in your life. These policies can include your homeowners or renters policy, your auto insurance and your life insurance policies. Not only will annual insurance reviews ensure you have adequate coverage that reflects changing financial or personal circumstances, together we can compare rates to several different companies to guarantee you are getting the best rate possible. If you haven't already done so, give our agency a call. Now is the time to review and update your policies.

