



Insurance Insights

NEWS, TIPS AND INFORMATION FROM YOUR INSURANCE PROFESSIONALS

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Save Money by Avoiding These Costly Insurance Mistakes

When it comes to purchasing insurance, fear is an important motivator. We are justified in our worries about protecting assets such as homes and automobiles, and we buy insurance to protect our financial integrity. Despite our best efforts, sometimes our insurance does not offer full financial protection. This is not necessarily because there is a problem with the insurance policy; it can be a result of human failure. When purchasing an insurance policy, many people fail to look at the true level of coverage that is necessary to restore assets to their pre-disaster conditions.

Below are five common insurance mistakes to avoid at all costs:

- Trying to do it all on your own—Shopping for insurance is complicated, and it is best to seek professional advice. While it is fine to use the Internet to educate yourself, you should ultimately work with an independent agent who can offer multiple options for your consideration. An agent will help you untangle the complex issues involved in purchasing the proper amount of coverage to meet your needs.
- Buying into the hype—If it sounds too good to be true, it probably is. Where insurance is concerned, you often get what you pay for. A company that promises large discounts is most likely offering less coverage.
- Slicing it too thin- In a difficult economy, many people try to cut their living expenses to the bone. While it may be prudent to cut out some of the "extras" we enjoy such as eating out and going to the movies, reducing an insurance policy is risky. If and when disaster strikes, you'll be glad you didn't cut back on insurance premiums, which can result in thousands of dollars of uncovered damages.
- Neglecting regular protection reviews—Consider how much your life can change in a short amount of time. For instance, has the value of your home gone up or down in the last few years? Has a new car been purchased or has a teenager just gotten their driver's license? Has an adult child finished their higher education? These are just a few of the changes that can cause either an overlap or gap in your insurance protection.
- Restricting your options—There are quite a few insurance companies that advertise a "one size fits all" approach to insurance. In some cases, these companies do not have your best interests at heart. It is best to consider multiple options, rather than limiting yourself to one choice.



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On-line Insurance as Opposed to an Insurance Agency: What's the Difference?

Just as one may use a CPA to prepare their income taxes or an attorney to help them with their estate planning, many choose to use an insurance agency to help place their insurance coverage. This choice is mainly made because a person feels they need professional advice during the process. Of course, everyone will have different needs and circumstances surrounding their purchase, and this is why an insurance professional's advice can be an invaluable asset.

If you're debating buying insurance on-line versus through insurance agency, then you should ask yourself a couple of questions:

- Do I know for certain what specific coverage(s) I need?
- Do I know all the questions I should be asking before making an insurance purchase?
- Will the on-line purchase truly result in both time and money savings?
- Can I obtain all my insurance policies through a single on-line insurance provider?
- Can I call the on-line insurance provider and receive insurance advice when needed?
- Is the personal information I'll be providing kept secure?

You want to know exactly what coverage you need and that the insurance you're purchasing meets those needs adequately. Insurance can vary greatly from state to state, meaning that it's equally important for your insurance source to be knowledgeable. You certainly don't want to purchase an insurance policy and discover down the road that it doesn't protect you during a claim. Making an insurance purchase with an on-line company that fails to connect professional insurance advice to your personal insurance needs can leave you at risk of being without the coverage you need. You shouldn't be the only one taking time to ask questions. The on-line insurance company must ask you questions in order to ensure they're recommending the appropriate coverage(s).

Do keep in mind that most on-line companies don't offer multi-policy discounts, such as for home and auto. On the other hand, an insurance agency typically allows you to select coverage from several different insurance companies and can help you determine which company will offer you the most favorable rates for your particular risk type. Another consideration is that insurance agencies typically have a much more stringent screening process in relation to these insurance companies.

Unlike insurance agencies, many on-line companies will either not have the services that you need readily available or have a system that you must sign into and learn to navigate before being able to obtain what you need. One such

example would be obtaining insurance documents, such as a certificate of insurance. Let's say you're using your vehicle to take your child and some of his/her classmates on a field trip. You learn the day of the trip that you must have evidence of your insurance before going. If you use an insurance agency, the document can be faxed or emailed to the school or your smart phone with a quick and simple call. A second example would be how an insurance agency can help you with a hard to place insurance policy. Despite the trend for on-line shopping, insurance agencies continue to thrive because of the solid reputations they build from customer satisfaction.

Insurance is often required—auto insurance by your employer, homeowner's insurance by your mortgage lender, or even coverage(s) an owner of a space you're trying to rent for a professional or personal function may require of you. Such requirements can often be like trying to understand the tax code. If you use an insurance agency, then you can email or fax any insurance requirements to your insurance agent for quick and efficient resolution.



Carefully consider how you go about purchasing your insurance. Surprises are the last things you want when it comes to the vital protection of insurance. If you have any uncertainty about what you're really getting with on-line insurance, then you might want to rethink your decision. If you'd like to avoid the one-size-fits-all approach of on-line insurance and receive the knowledge and expertise of an insurance agent, then you may consider opting for a professional, independent agent to help you place your insurance policies.



Will Your Insurance Protect you from a Facebook Lawsuit?

Mostly everyone knows that the use of social media has grown by leaps and bounds over the past decade. What many people don't realize are the unique risks that come along with social networking. Anyone using Facebook, MySpace, LinkedIn, or other social networking sites should exercise extreme caution in what they decide to say on-line.

As an example, in 2009 a teenager in New York sued some of her classmates and their parents, accusing the classmates of bullying and humiliating her on Facebook. Whether or not the allegations are true, the teenagers and their parents require legal resources to pay for the possible judgments against them.

Many people believe a standard homeowner's insurance policy will cover them in such a situation, when in fact, it probably will not provide the necessary coverage. A standard policy covers bodily injury or property damage done to someone else. It defines bodily injury as sickness, harm or disease, and it defines property damage as destruction of or injury to physical property. Neither definition includes publishing or saying something that injures another person's reputation. Hence, the policy is not likely to cover a Facebook post.

A good source of additional coverage is a personal umbrella policy. This kind of policy provides additional insurance in circumstances where a loss has depleted the amounts of liability insurance offered under a homeowner's policy. Umbrella policies usually have a deductible of \$250 to \$500; but

have the potential to protect the policyholder from financial devastation.

As Americans become more exposed to risk through social networking, they should choose their words carefully on any social networking site. Additionally, they should speak with an insurance professional to see if an umbrella policy is a good match for their insurance needs in an increasingly risky world.



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department of motor vehicles. Be sure to ask the number of points, if any, the violation carries; how many points you already have; and how many points will result in a license suspension.

These points can cause your insurance premiums to increase by 20% to 30%. Most insurers will regularly review the driving records for all their customers. Depending on your insurer's policy and state's laws, some insurers may be able to raise your premiums for just a single point. Most insurers will allow one moving violation every couple of years before they raise your premiums, but check with your insurer to determine their specific policy.

Can I Avoid/Remove Points?

You can contest the ticket. This may be especially prudent if your points are near suspension levels. Keep in mind that contesting the ticket is an iffy proposition in that avoiding the point will depend on you being successful.

An option that offers more certainty in avoiding the point is paying the ticket and attending traffic school. However, some jurisdictions will not allow anyone ticketed

for driving fifteen m.p.h. or more over the speed limit to attend traffic school to avoid points. If you're eligible, then you may need to attend anywhere from once a year to once every two years, depending on your jurisdiction. Some states will require a court appearance or visit to the court's clerk to enroll in the class, while other traffic schools are completed online. Some traffic schools give you the basic information with a splash of humor to make it less boring, while others may require you to sit through eight hours of lecture and films on gruesome accidents. Driver education courses, such as a defensive driving class, can help you remove existing points from your license. The department of motor vehicles for your state can give you a listing of applicable options.

In closing, insurers typically either avoid risk or charge exorbitant premiums to take it on. Having a number of moving violations is a strong indicator that you have habits that could lead to costly accidents and claims, and would therefore be a risk to insure. Most insurers do understand that humans err occasionally, but you'll have the best chance at keeping your rates down by avoiding traffic violations altogether.



The Impact of Moving Violations and Driver's License Points on Your Insurance Premiums

Americans love to hear about point systems. After all, many involve us earning desirable rewards, discounts, and freebies. However, not all point systems are about earning something desirable.

In most states, you earn points on your driver's license after being ticketed for moving violations like running a red light or stop sign, illegal u-turns, unsafe lane changes, and so forth. While no driver relishes the thought of paying moving violation tickets, the financial implications are actually much broader when the points accumulate. This could be in the form of higher insurance premiums or even the suspension of your driving privileges. The details of the point system vary by state.

Most point systems will assess points one of two ways:



1. One point per basic moving violation, with two points being assessed for speeding violations that involve the driver substantially exceeding the posted speed limit.
2. Two points for incidences like slightly breaking the speed limit, an illegal turn, or other minor driving violation. Drivers with more serious moving violations, such as running a red light or stop sign, will be assessed three to five points. Drivers that are assessed 12 points within a three year period will have their license suspended.

Should you get a moving violation ticket, you'll want to look for the vehicle code violation number on the front of your ticket and contact your state

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