

# Insurance Insights

NEWS, TIPS AND INFORMATION FROM YOUR INSURANCE PROFESSIONALS

VOLUME 3 NUMBER 1

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## How Uninsured Drivers Affect Responsible Drivers

Most Americans are surprised to learn that, nationally, approximately 1 in 6 drivers on the road are uninsured. This information comes from a recent study by the Insurance Research Council. The study further shows that in some states, as many as one in three drivers are uninsured or underinsured, and that there is a solid correlation between unemployment and lack of insurance. Furthermore, statistics show that nearly one out of every two accidents involves an uninsured or inadequately insured driver.



### **How Can You Protect Yourself from the Costs of an Uninsured Motorist?**

You should ensure that your auto insurance policy includes both uninsured motorist (UM) and underinsured motorist (UIM) coverage. As a rule, the limits on these policies should be as high as your policy's property damage and bodily injury limits.

When someone without insurance causes an accident that involves your car, or if your car was damaged by a hit-and-run driver, UM coverage would pay for the resulting claims. On the other hand, UIM insurance provides coverage when someone else causes an accident, but does not have enough insurance to adequately cover all of your costs.

You also need to consider how much your life would change, if you were hit by an irresponsible driver. How would you make your car and mortgage payments, and pay your other expenses if you were permanently injured? UM and UIM coverages bear the cost of lost wages if you are unable to work after an injury. If you do not have these coverages and are hit by an uninsured motorist, the only other option is to pursue the driver in small claims or civil court. This often proves to be a difficult and expensive option. Thus, the

benefits of this coverage can be substantial compared to the relatively low expense.

### **What Should You Do if You Are Hit by an Uninsured or Underinsured Motorist?**

If the driver has insurance, copy down the other driver's insurance and contact information. Whether they have a policy or not, get the driver's name, address, and phone number. Furthermore, you should always write down the license plate number and call the police, even if the accident appears to be minor. A police report is always valuable in determining who was at fault.



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# Check Your Home's Fire Extinguishers

According to a fire loss study done by the National Fire Protection Association, house fires accounted for 75% of all structural fires in the United States. There's about 400,000 residential property fires in the U.S. each year, and these residential fires account for over 3,700 human fatalities each year. Even when all other natural disasters are combined, fires still typically claim more American lives per year.

Considering the cost, frequency, and loss of life related to residential fires, it's important for homeowners to have loss control measures in place. A fire extinguisher may seem like a simple item, but when properly selected, placed, and maintained, a fire extinguisher can be a powerful tool to prevent widespread fire loss. The best thing is that a fire extinguisher is a relatively cheap investment, as prices start at around \$20.00.

It's important to become familiar with the different classes of fire extinguishers. There are five classes, with each class based on what type of fire the extinguisher is capable of extinguishing. The five extinguisher classes are marked with a class specific color, geometric symbol, and/or picture.

## Class A Fire Extinguisher

- Color–green
- Geometric symbol–triangle
- Picture–burning garbage can and woodpile

This class of fire extinguisher is intended to be used on ordinary solid combustibles. These types of fires might involve cloth, wood, rubber, paper, or certain types of plastic.

## Class B Fire Extinguisher

- Color–red
- Geometric symbol–square
- Picture–container of fuel and burning puddle

This class of fire extinguisher is intended to be used on flammable liquids and gasses. These types of fires might involve lacquers, gasoline, alcohol, diesel oil, oil-based paints, or flammable gas.

## Class C Fire Extinguishers

- Color–blue
- Geometric symbol–circle
- Picture–burning outlet and electric cord plug

This class of fire extinguisher is intended to be used on energized electrical equipment. It would be used for fires that involve an appliance, electrical wiring, circuit breaker, or electrical outlet.

## Class D Fire Extinguisher

- Color–yellow
- Geometric symbol–star or decagon
- Picture–burning bearing and gear

This class of fire extinguisher is intended to be used on combustible metals. These fires might involve magnesium, potassium, sodium, or titanium. It's important to note that some Class D fire extinguishers will work on multiple metal types, but others are metal specific.

## Class K Fire Extinguisher

- Color–black
- Geometric symbol–hexagon
- Picture–burning pan

This class of fire extinguisher is intended to be used on combustible cooking fires. It can be used to put out fires from cooking oils and fats.

## Fire Extinguisher Tips

- Fire extinguishers are important fire protection tools. However, it's vital to know the fire type and extinguisher class before attempting usage. Using the wrong extinguisher on the wrong fire can make the fire worse and cause life threatening injury.
- It's extremely important for all members of the household, babysitters, housekeepers, and any other potential user to know how to safely and correctly use the fire extinguisher. Since most will not be using an extinguisher on a regular basis, it's also important to periodically review the instructions.
- Because fires may often involve a combination of elements, most fire protection experts recommend a fire extinguisher with an ABC rating.
- Fire protection experts recommend that a medium-sized fire extinguisher be placed in the kitchen and garage. A fire extinguisher should also be placed on each additional floor of the home.
- All fire extinguishers should be annually inspected and maintained by a professional fire equipment supplier. If not properly maintained, a fire extinguisher might not discharge when needed. There's also the risk of it rupturing when pressurized, which can result in serious injury.
- Having fire extinguishers in the home may reduce the cost of home insurance. Contact the insurance broker for the home to find out if a discount for fire loss prevention measures is offered.

Keep in mind that fire extinguishers are vital protection against fire loss, but they must be properly selected, placed, and maintained.





## Consider Cost of Car Insurance When Shopping for a New Ride

Most consumers will usually put forth a great deal of effort and time into searching out the best price for their new car. After all, the majority of America will have a budget for any large ticket purchase. One common mistake that consumers make when budgeting for a new car is only comparing what they can afford with the sticker price or loan payment for the car.

If cost is an issue, especially if choosing a car on the highest end of one's budget, then it's vital to factor in how much insurance will cost on the new car. It's important to remember that car insurance prices will vary based on several car factors: sticker price, safety features, cost of repair, vehicle specific features, and high vs. low profile of vehicle.

### **Sticker Price**

The greater the sticker price of a new or used car is, the more expensive it will be for an insurance company to replace it in the event of an accident. Therefore, the more expensive a car is, the more expensive the insurance will be for it. The added cost of insurance must be factored in to know if a car is truly affordable.

### **Safety Features**

Safety features can have a big impact on car insurance. Features such as anti-lock brakes, airbags, automatic seatbelts, traction control, and airbags are statically proven to greatly reduce the number of accidents and /or injuries that occur while driving a car. The overall safety, class safety rating, and "crashworthiness" of a vehicle is also a factor. Certain states mandate that a discount be given for vehicles with certain safety features. So, be sure and check the safety rating for the car and applicable state law. Five stars indicate the highest safety rating and one star the lowest.

### **Repair Cost**

The cost to repair the car is another factor that will influence insurance cost. The more expensive a car is, the more expensive the parts will be in the event it ever needs a

replaced or repaired part. Then, there are certain brands of cars that usually require a dealership or specialty mechanic for even the simplest repair. These cars usually require brand-specific tools and diagnostic equipment. All of this will result in higher insurance rates.

### **Car Specific Features**

There are certain car features that will impact insurance cost. Hard top vs. soft top, number of doors, and size of engine would be feature examples. As a general rule, domestic cars and minivans are some of the less expensive types of vehicles to insure.

### **Profile**

Some cars are easier to steal and more valuable to car thieves than others. These "high profile" cars are considered magnets for auto theft, and therefore more expensive to insure. Crime databases and local insurance agents can apprise buyers of what cars are considered high profile for their area.

All of the above influences on car insurance can dramatically increase the bottom line cost of acquiring a new car, as they can alter car insurance from a few dollars to several hundred dollars. It's vital to seek an insurance estimate before deciding if a car is a good deal.



### *continued from page 4...Does My Insurance Cover My Gift Cards?*

He feigns enthusiasm for the cards and leaves everything under the tree when he goes out to visit friends that night. Unfortunately, he has forgotten to water the tree for two weeks; an exposed tree light wire ignites it. The resulting fire cooks his downstairs. The policy covers the damage to the home and contents, but it pays only the \$200 maximum for the \$300 worth of gift cards.

Next year, Joe's gift cards survive Christmas Day and, because he enjoys being stuck in traffic jams, he goes to the mall the day after the holiday to use them. However, when he steps up to a cash register with a Blu-Ray player under his arm, he cannot find any of the cards. He searches

his car, every pocket in his coat, pants and shirt, and every place he went to in the mall, but he never finds the missing cards. Unfortunately, because disappearance is not one of the causes of loss listed on the policy, his insurance will not pay anything for them.

Some insurance companies may offer to increase the amount of coverage and the covered causes of loss for these items, so check with a professional insurance agent to identify those companies and find out the cost. For a small amount of money, you may be able protect yourself against the loss of these common gifts.

## Does My Insurance Cover My Gift Cards?

What do you buy for that special someone when you can't think of anything else? With increasing frequency these days, the answer is a gift card. The National Retail Federation has reported that Americans spend more than \$26 billion on gift cards during the holiday shopping season, and the average consumer spends more than \$120. The reasons are simple — gift cards are easy to purchase, never come in the wrong size or color, and the recipient is guaranteed to get an item she wants with it. Like anything else of value, however, they come with risks. Some have fees attached to them, and some expire if the owner does not use them within a certain period of time. They are also vulnerable to theft, disappearance and destruction. If your gift cards are stolen during a burglary or burn up during a house fire, will a homeowner's insurance policy reimburse you for them?

The standard homeowner's policy provides partial coverage for gift cards. It limits coverage for money, bank notes, coins, "stored value cards," smart cards and similar cash-like items to \$200 for all property in that category. Also, the

policy covers personal property, including cash and similar items, only for a list of 16 causes of loss. The list includes such causes as fire or lightning, windstorm or hail, explosion, smoke, vehicles, theft, vandalism, weight of ice, snow or sleet, and others. The policy provides no coverage if a cause that is not on the list is responsible for the loss.

### A few examples will illustrate how this works.



Joe receives a \$50 gift card for an electronics store for his birthday and leaves it in his living room with his other gifts while he goes out to celebrate. Someone breaks into his home and makes off with all the gifts. His policy will provide full coverage for the clothes, DVD's and workout gear he got and the full \$50 for the gift card. This is because the value of everything in that category of cash-like items was less than \$200.

Joe's family can't think of a thing to get him for Christmas, so he gets a sweater and a pile of gift cards to various electronics and sporting goods stores and coffee shops.

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