



Why Are Homeowners Rates Increasing?

The short answer: weather and shared risk.

When a wave of major storms strikes Ohio, or anywhere in the U.S. for that matter, your carrier uses insurance premiums to pay claims to help customers, like you, recover. If they expect more storms, your rates increase. Ohio has been rocked with several devastating storms the past few years, from hail storms to tornadoes.

Simply stated, a greater frequency and severity of storms create higher premiums, regardless of whether or not you have had a claim.



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Experts identified causes for the increase, but the two major reasons are:

- **An increase in severe weather events:** The effect of La Niña, which

causes a collision of cooler and warmer air over the U.S. has agitated rougher weather across the region.

- **The growing population:** More people means more buildings and structures lying in potential paths of destruction.

“We are in the midst of a very long-term trend. Whatever the underlying causes are, this is pushing up the cost of providing insurance in many parts of the country. Insurers have begun to reflect that in their rates,” says Robert Hartwig, chief economist and president, Insurance Information Institute.

According to estimated figures from the Ohio Insurance Institute, Ohio ranks 6th lowest in the U.S. based on its average homeowners insurance premium. Even with the increase looming, the cost of coverage remains considerably lower in Ohio than in most other states.

How to save on homeowners insurance

The best way to reduce the impact of a rate increase is to talk to us about your coverage options so we can help you find the best solution for your needs.

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Trees And Insurance



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If a tree falls and hits your house, are you covered? The short answer is, yes. The coverage is quite straightforward: if a tree hits a home or other insured structure, such as a detached garage, standard homeowners insurance policies provide coverage for the damage the tree

does to the structure and the contents in it. This includes trees felled by wind, lightning or hail.

It does not matter whether or not you own the tree; if it lands on your home, you can file a claim with your insurance company. After a hurricane or windstorm, trees, shrubs and branches can become projectiles capable of traveling significant distances and can cause considerable damage to property. In most cases, an insurance company is not going to spend time trying to figure out where a tree or other item originally came from.

In some situations where the felled tree was located on a neighbor's property, the policyholder's insurance company may try to collect from the neighbor's insurance company in a process called subrogation. This sometimes occurs if the tree was in poor health or not properly maintained. If

the insurer is successful, you may be reimbursed for the deductible.

If a tree hits an insured structure, such as your house or garage, there is also coverage for the cost of removing the tree, generally up to about \$500 to \$1,000, depending on the insurer and the type of policy purchased. If the fallen tree did not hit an insured structure, there is generally no coverage for debris removal. However, some insurance companies may pay for the cost of removing the felled tree if it is blocking a driveway or a ramp designed to assist the handicapped.

Standard home insurance policies also provide coverage for damage to trees and shrubs due to fire, lightning, explosion, theft, aircraft, vehicles not owned by the resident, vandalism and malicious mischief. Coverage for these disasters is generally limited to up to 5 percent of the amount of insurance on the structure of the house. Generally, most insurers will limit the coverage to about \$500 for any one tree, shrub or plant. Trees and plants grown for business purposes require a separate business insurance policy.

Source: Insurance Information Institute

Health Care Scams On The Rise

A consumer alert has been issued after reports have surfaced that telephone con artists are using the confusion surrounding the Affordable Care Act (ACA) to attempt to steal Ohioans' personal information. The scammers are claiming to be representatives of a health insurance exchange, Medicare or a "government program."

Specifically in Ohio, scammers are:

- Claiming to be authorized to help people navigate the health insurance exchange created under the ACA and say they need to verify the person's name, address and Social Security number.

Tip: Health insurance exchange open enrollment does not begin until Oct. 1. The marketing of plans offering coverage through the exchange has not begun.

- Claiming to be a Medicare representative and that because of the ACA the person's information needs verified in order to receive a new Medicare card.

Tip: New Medicare cards are not being issued because of the federal health care law.

- Claiming they need the person's Medicare number to provide them an updated medical emergency alert device. One of the brand names mentioned was Lifeline.

Tip: Medicare does not cover medical alert devices.

Avoid Becoming a Victim:

- Medicare or government program representatives do not make house calls or solicit by telephone.
- Protect your personal information. Do not give out your Medicare, Social Security or bank account numbers.

If you have been contacted by a suspicious caller seeking your personal information, contact the Ohio Department of Insurance's fraud hotline at (800) 686-1527.

Source: Ohio Department of Insurance

Be Prepared For The Next CAT

The devastating effects of Hurricane Sandy drive home the point that personal catastrophe (CAT) planning is an essential part of any personal risk management program.

Catastrophes, whether natural or man-made, can strike individuals and families at any time without warning. You should develop a comprehensive disaster plan that addresses the following 10 items.

1. Identify hazards in your home, such as frayed wires or large amounts of gasoline stored in the garage. Hazards should be reduced as much as possible.
2. Learn first aid and CPR skills, which can lessen injuries after they occur.
3. Make certain your children learn your full name, address and cell phone number at the earliest possible age.
4. Develop an emergency evacuation plan. For example, you should work with family members to establish escape routes and rehearse these periodically.
5. Establish a disaster meeting place and an outside family contact. For a sudden emergency, a location right outside the home should be arranged. Consider designating a friend or relative in another city as a common contact through whom the family can communicate if separated by a disaster.
6. Keep an adequate water storage supply to use in the event you become stuck in your home. Several days' worth of bottled water should be stored in a cool, dark location.
7. Prepare a food supply, including canned meats, fruits and vegetables. You should include a manual can opener, disposable utensils and plates along with the food.
8. Store emergency supplies, such as a first-aid kit, flashlights, batteries, prescriptions and a lantern.
9. Prepare a portable pet disaster supply kit for pets, including dry food, potable water and proof of vaccination. Proper identification on the pets is essential.
10. Practice, modify and maintain the plan every six months.

Source: International Risk Management Institute, Inc.

Should You Purchase An Umbrella Policy?

If you are ever sued, your standard homeowners or auto policy will provide you with some liability coverage, paying for judgements against you and your attorney's fees, up to a limit set in the policy. However, in our litigious society, you

may want to have an extra layer of liability protection. That's what a personal umbrella liability policy provides.

An umbrella policy kicks in when you reach the limit on the underlying liability coverage in a homeowners, renters, condo or auto policy. It will also cover you for things such as libel and slander.

For about \$150 to \$300 per year you can buy a \$1 million personal umbrella liability policy. The next million will cost about \$75 and \$50 for every million after that.

Because the personal umbrella policy goes into effect after the underlying coverage is exhausted, there are certain limits that usually must be met in order to purchase this coverage. Most insurers will want you to have about \$250,000 of liability insurance on your auto policy and \$300,000 of liability insurance on your homeowners policy before selling you an umbrella liability policy for \$1 million of additional coverage.

Source: Insurance Information Institute



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Home Renovations

Consumers spend billions on their homes. Home improvement projects tallied to a whopping \$476 billion in 2012, according to research from the Joint Center for Housing Studies at Harvard University. The center forecasts that home renovations will grow at a steady 3.7% rate annually through 2015, after inflation.

What shouldn't be lost in the excitement of adding a bedroom, finishing a basement or updating the kitchen is your financial security.

Be aware that home renovations add to the risks you're facing as a homeowner, including injuries to family, contractors and delivery workers; fire, theft, vandalism; and water damage. What's more, know that you must protect yourself from financial liability for anything that goes wrong.

It's imperative that your homeowners and umbrella insurance coverages are set up correctly before, during and after your renovation project. The time and paperwork required may seem a distraction when you're eager to upgrade an older home, install an energy efficiency retrofit, or renovate a rental property. But it's every bit as important as buying the building materials or choosing the contractor.

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