



## Insurance Industry Loses Big in 2011

### Homeowners premiums are on the rise

When a wave of major storms strikes Ohio, or anywhere in the United States 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 this past year, causing damage from hail to tornadoes.

Catastrophe losses in 2011 caused the U.S. property and casualty insurance industry to experience its worst losses since 2002, and analysts say 2012 should only see modest improvement. A.M.Best, the industry rating agency, reported the industry experienced more than \$44 billion in catastrophe losses, driving down net income.



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

“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,” said Robert Hartwig, chief economist and president of the Insurance Information Institute.

The Buckeye State ranks 6th lowest in the United States 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 your independent insurance agent about your coverage options and let them find the best solution for your needs. Their knowledge and professionalism is your best option.

#### Inside:

- Renting A Car
- Homeowners Coverage “B” Other Structures
- The National Highway Traffic Safety Administration
- Is That Trailer Covered?
- Life Changing Events



## Renting A Car

When you rent a car, you are liable for injuries and property damage you cause to others, and damage to the rental car whether it's your fault or not. With some restrictions, your insurance policy will cover you in your policy territory (United States, its possessions and territories, and Canada) if you injure someone or their property. In most cases, your auto policy will also cover damage to the rental car, but you must carry comprehensive and collision coverage on at least one of your covered autos.

If you plan on your credit card covering damage to your rental car, read the fine print. Some only provide coverage after you prove there is no coverage under your personal policy. Some cards actually have dollar limitations and very restrictive coverage.



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## Homeowners Coverage “B” Other Structures

The typical homeowner policy published by the Insurance Service Office (ISO) states that it insures other structures on the residence premises set aside from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.



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The dictionary defines structure very broadly as something constructed. A structure is meant to be somewhat permanent with a reasonably long, useful life. An example of a structure that would fall under this coverage is an in-ground swimming pool. By comparison, an above-ground pool would not be insured under coverage “B.” The above-ground pool would be covered under personal property coverage “C.” The above-ground pool is designed to be disassembled in winter months and reassembled in the swimming season, if so desired.

In addition to coverage for un-excluded structures, coverage “B” insures building supplies stored on the insured premises intended for use in alteration or repair of the structure. The standard limit of insurance for other structures in nearly all homeowner policies is 10 percent of the amount of insurance carried on the dwelling.

Therefore, if you insure your dwelling for \$100,000, you would automatically have \$10,000 for other structures that might be on the premises. If the total of other structures should exceed this 10 percent limit, additional amounts of coverage can be purchased. Any loss under coverage “B” is subject to the policy deductible.

# The National Highway Traffic Safety Administration

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What does the NHTSA do for you? The National Highway Traffic Safety Administration is the country's top automotive safety agency. The administration's mission is to reduce crash-related injuries and fatalities, ensuring the highest standards of safety on the nation's roads.

The NHTSA oversees highway safety by making policies and setting safety standards. The agency tracks safety-related recalls and investigates safety defects. Information that might apply to you can be found at [www.nhtsa.gov](http://www.nhtsa.gov).

The website provides information allowing you to search for recalls on vehicles, equipment, child restraint systems and tires. You can also arrange for notifications to be sent to your email address for your specific automobile.

## Average number of recalls each year:

- Automobiles - 600
- Motorcycles - 45
- School Buses - 35
- Child Restraints - 8
- Tires - 20

The NHTSA also provides safety crash information on most automobiles. If you are thinking about buying a new car, you can do your homework at [www.nhtsa.com](http://www.nhtsa.com) and review new safety technologies that are available.

## Is That Trailer Covered?

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We often get questions from our clients about the use of a trailer with their automobile. While it sounds simple, there is not just one answer. If you own a personal automobile and are using a trailer that is specifically designed to be towed by a private passenger vehicle, then in most cases, you do have liability coverage automatically extending from your auto policy for the trailer. If, however, the trailer has to be modified to fit your private passenger vehicle, then you probably do not have liability coverage.

For physical damage coverage to apply to the trailer, you have to add that coverage specifically. Some homeowner policies will extend a very small amount of coverage for trailers - but with limited perils, such as no theft coverage away from your home, and no windstorm or hail coverage if left outside.

Another consideration when dealing with trailers occurs when determining the vehicle that is to pull your trailer. As explained above, the personal auto policy extends coverage for specifically defined trailers, but an auto insured on a business auto policy does not automatically include this coverage.

In some cases, a trailer that is classified utility with a gross vehicle weight of 2,000 pounds or less is covered for liability. But, a problem occurs when you might want to use your business pickup truck to tow your camper or other trailer that exceeds the 2,000-pound limitation. When you want to tow a trailer with your commercial vehicle, the trailer will need to be specifically insured.



# Life Changing Events

Have you experienced any life changing events that require you to call us about your life insurance? Some example events that would require you to update your policy are listed below.

- Marriage
- Childbirth or Adoption
- Changing Employment
- Buying a New Home
- Starting a Business
- Change in Retirement
- Responsibilities for Elderly Parents

Make sure you reflect at least annually on your life insurance needs, and call us if you think your policy may need to be updated.



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The information in this newsletter is meant as a guideline only. There is nothing in this newsletter that alters the coverage or interpretation of any specific policy. Because some statements are generalizations, and because different companies' policies contain slight differences, please refer to your specific policy. Call our office before making any judgments or decisions concerning your particular situation and coverage that may, or may not, apply.

Thanks for choosing a Professional Insurance Agent

