Insights and Updates

[Fall 2012 • New Jersey]

Gap insurance

Some topics are nearly guaranteed to spark conflict, even among the best of friends or the closest of families: religion, politics, favored sports teams. Add to that list the eternal(ish) debate over which is smarter, buying or leasing a car.

Some analyses suggest that a lease saves the savvy shopper thousands of dollars. Others claim that those who buy a car, and maintain it for eight years … 10 years … or even longer, save the most in the end.

Setting aside full-cash purchases, from an insurance perspective, it doesn't really matter. Your leasing agency—just like your bank—will require you to carry an auto insurance policy that includes both collision and comprehensive coverage, as well as an acceptable deductible. However, there is a risk more common with leased vehicles: the gap.

If your insured vehicle is damaged in an accident and is determined to be a total loss, the insurance company will pay an amount equal to the actual cash value of the vehicle. However, the lease balance can be higher—sometimes thousands of dollars higher—than the insured value, because the most significant depreciation occurs the moment you drive the vehicle off the lot and during the first few years. This difference represents the gap, which typically becomes your responsibility to pay. This is what gap insurance is designed to cover.

Of course, creditors and lessors have the option to not hold you responsible for the gap. But often, you will have to either assume responsibility for the gap or pay an additional charge to waive it. Working with us, your independent insurance agent, you may be able to find affordable gap insurance—quite possibly for less than coverage through the lessor.

And, while the gap risk is more common with leased vehicles, gap coverage isn't just for leases. If the vehicle is purchased with a minimal, or no, down payment, the same gap may occur when the value is less than the loan balance. If you're car shopping, drop by our office or give us a call, we can help you figure out your best course of action.

Index

Will the economy affect my insurance premiums?

Nobody has a crystal ball, but the prolonged poor economy could have an effect on the cost of your insurance. The insurance industry has seen continuously lower earnings in an unfavorable investment climate. In fact, according to the Insurance Information Institute, industry earnings for 2011 were the lowest in a decade.

The insurance marketplace is hardening, and some insurance companies have indicated that their costs will increase and that some coverages may no longer be available, or only with a separate premium. Some insurers are sending out renewal notices to insureds, advising of potential changes. Our agency wants to make sure you're prepared in case your carrier decides to increase premiums or change certain coverages.

In many cases, we recommend clients stay with the company that has been writing their policy. We know from experience the company is more likely to take your history and loyalty into consideration to minimize the impact to their existing customers. If we know changes are coming, we will contact you well in advance to gather the information required for your renewal policy.

We appreciate your business and your loyalty. As always, our only goal as your agency is to make sure you have the coverage that best fits your situation. If you have any questions or concerns, please contact our office and we will be happy to answer them.

Insurance tips for first-time home buyers

With the housing market currently tilted in the buyers' favor, many people are choosing to make the leap and buy their first home. It's a big investment and an intimidating process, and after sorting out everything with banks, builders, realtors and previous owners, insurance policies often don't get the attention they deserve. However, talking things over with your insurance agent and acquiring a little knowledge can go a long way in calming your nerves and securing your future.

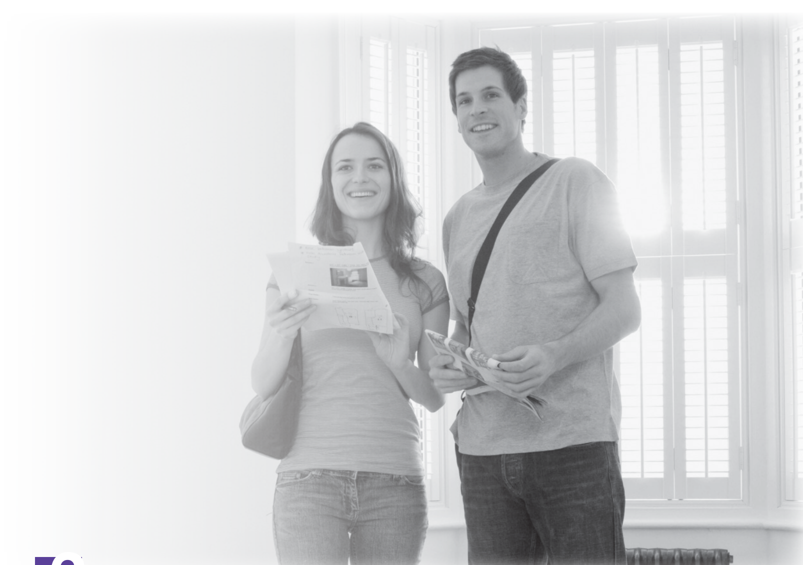
Standard policies usually include:

- protections for personal possessions;
- property damage;
- liability protection for bodily injury to family members or guests;
- additional living expenses if your home becomes uninhabitable due to a loss.

However, a standard policy is not a one-size-fits-all. Here are some tips to consider:

- Be sure the house limit you choose reflects the current cost of rebuilding it.
- Take an inventory of your home—your possessions, your furnishings and the materials that were used to construct your home. If there are any particularly valuable items, make sure your policy reflects that. Saving pictures or a video of your inventory in a safe place also is a good idea so you can provide evidence on any future claims.
- Consider the area where you'll be living. Is it prone to severe weather? Earthquakes? Are there any trees nearby that could damage the house if they fell? Are you in an area with a risk of flooding? You can gauge your flood risk at www.floodsmart.gov. If so, remember that flood coverage is not part of standard homeowner's policies; it must be purchased separately.
- Think of how much you want to spend on your deductible. Then weigh that against the limit, or maximum amount the insurer will pay you if a loss occurs. It's a balancing act, and only you can decide the levels that are right for your situation.

Most of all, remember that your insurance agency is here to help with all of the above. It's our job to clarify complex situations, keep you informed and make sure you're satisfied with your coverage. When you find your dream home, let us help you protect it.



Should I report my accident to the insurance company?

There's nothing fun about being in an auto accident. Whether it's a small fender-bender with no injuries or a more serious accident, dealing with police reports, insurance companies and repair shops can seem like a huge inconvenience.

In any accident most insurance policies state you must notify the company in a timely manner. The wording may be different from policy to policy, but the idea is the same. You need to let the company know if you anticipate the need to present a claim.

While the other driver may agree to pay for the damage to your car on the day of the accident, it's always possible he or she can see the repair bill then decide it's too high. Time will have passed and your insurance company will have more difficulty putting together the facts of the accident after a delay in filing the claim. Policies generally reserve the right to deny a claim if the insured does not comply with the duties of the insured, which are stated in the policy. One of these duties is the prompt notice requirement. Prompt notice generally means as soon as is practical.

> **"... notify the company of all accidents in a timely manner. "**

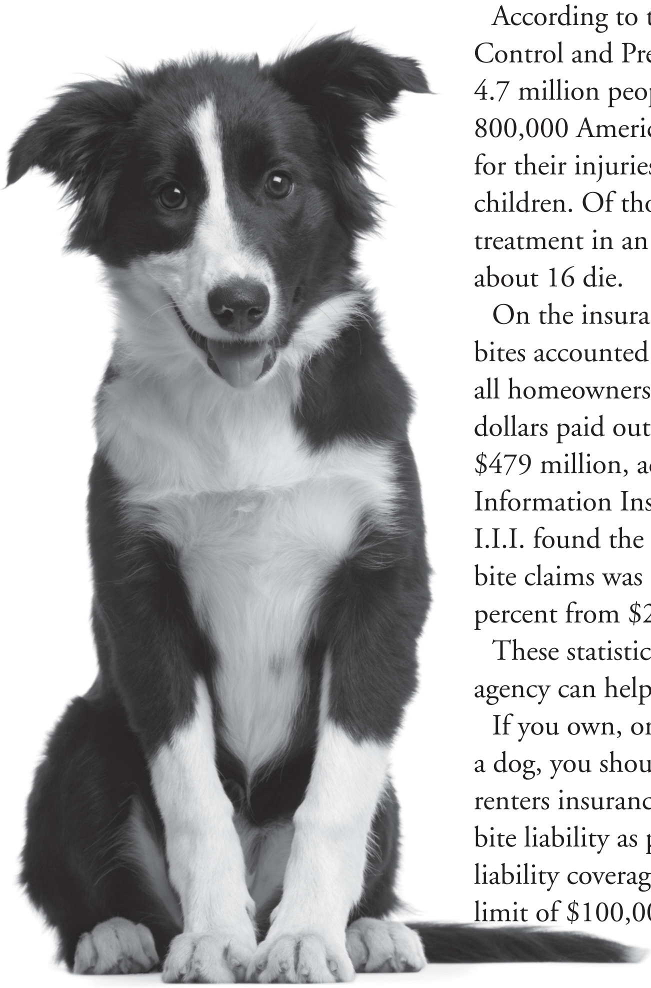
Another possible scenario is, the other driver could decide the accident was your fault and file a claim against you. Injuries that weren't apparent at the scene of the accident could be alleged weeks or months later. Make sure that your company has your version of what happened so it can determine how to respond.

When you report any injury or property damage, make sure you have all the necessary information when you call your agent. This includes the date and time of the accident; the location; diagrams at impact and the police report number. You also should have a description of the other vehicle and its plate number, as well as driver contact information and insurance information.

You pay insurance premiums to protect you from loss. Call us immediately if you find yourself in this situation. We will guide you through the claim process.

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.

Who let the dogs out?



According to the Center for Disease Control and Prevention, dogs bite more than 4.7 million people each year. Of those bitten, 800,000 Americans seek medical attention for their injuries—half of those people are children. Of those injured, 386,000 require treatment in an emergency department and about 16 die.

On the insurance side of the tale, dog bites accounted for more than one-third of all homeowners insurance liability claim dollars paid out in 2011, costing nearly $479 million, according to the Insurance Information Institute. In its research, the I.I.I. found the average cost paid out for dog bite claims was $29,396 in 2011, up 12.3 percent from $26,166 in 2010.

These statistics can be frightening, but our agency can help.

If you own, or are considering owning, a dog, you should know homeowners and renters insurance policies typically cover dog bite liability as part of the standard policy's liability coverage, which can range from a limit of $100,000 to $500,000. This means that the dog owner is responsible for any additional damages (e.g., legal costs).

Most insurance companies will cover dogs. However, some breeds are more difficult to insure. Moreover, if the animal already has had an incident, your insurance premium may be higher. Additional coverages (e.g., a liability policy to provide no-fault medical coverage; personal liability coverage; personal excess liability policy; umbrella liability policy, etc.) also are available to provide you with additional coverage.

Obviously, dog owners should do what they can to prevent bites from occurring—such as obedience training, seeking professional advice from veterinarians and animal behaviorists, and taking common-sense precautions. But in case the worst should happen, give our agency a call, we can walk you through your options and provide you with the best insurance policy for your needs.

News from our agency

Our agency prides itself on superior customer service. Unlike giant national insurers that only provide its policyholders with an automated 800 number and a website, we believe that conducting business person-to-person is the best way to make sure you're satisfied and properly covered. Waiting on hold for hours or desperately searching a website for answers is no way to be treated. It's hard to grasp the ins and outs of a policy when you're just filling out online forms by yourself.

Our agency makes sure you understand your options, and that you receive the policy you think is the best fit. And afterward, you can always call our agency or drop by our office if you want to add, subtract or change coverage, or if you have any questions on your policy. That's why we're here.