

Personal Lines



503.482.5189
866.762.7879 (sales)
877.762.7877(customer service)



SmartsPro
MARKETING

PO Box 276
Ashland, OR 97520
info@smartspublishing.com



Homeowners

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Sprinklers—The Safe Solution

The textile mills in New England began using sprinkler systems more than 100 years ago, after a series of devastating fires claimed many lives and destroyed entire businesses. Today, you can find sprinklers in almost any commercial building. Although we protect our businesses from fire, how do we protect our families, our homes and our possessions?



A fire occurs in a residential structure every 87 seconds, according to the U.S. Fire Administration. Residential fires have taken a high toll of life and property. In 2010 there were:

- * 362,100 residential building fires
- * 2,555 civilian fire deaths
- * 13,275 civilian fire injuries
- * \$6.6 billion in property damage

Source: U.S. Fire Administration

Studies by the Federal Emergency Management Agency's United States Fire Administration indicate that the installation of residential fire sprinkler systems could have

saved thousands of lives, prevented a large portion of those injuries and eliminated hundreds of millions of dollars in property losses.

Why Sprinklers?

Sprinklers work by limiting the size and impact of a fire to a small area. As soon as it activates, the sprinkler sprays water on the burning object and puts out or controls the fire. In fact, a sprinkler system not only stops the growth of the fire, it also acts directly on the potentially deadly effect of the fire, such as lowering the air temperature. A combination of sprinklers and smoke alarms can save most potential victims of home fires. The principal exceptions are victims who are very close to the fire when it begins, such

as victims of clothing fires, explosions or flash fires. For some potential victims, there is no substitute for prevention.

What about Water Damage?

Sprinklers used in the home are a special type referred to as residential sprinklers. They use a fast-acting, heat-sensing element that activates the sprinkler when the fire is still in its very early stages of development. Once a fire begins, only one or two sprinklers near the fire activate and discharge water. Residential sprinklers discharge water at a low rate, so your home will not be flooded. Smaller fuel loads in residential buildings coupled with fast activation allow these sprinklers to require much less water than a commercial system. (Flooding is not a danger with sprinklers in commercial buildings either.) After the fire is out, the supply valve can be simply shut off — but always call the fire department and let the professionals determine when it is safe to shut off the water.

Advantages of Home Sprinkler Systems

- * **Fast response:** Residential sprinklers respond to a fire much

This Just In

Sales of investment and vacation home properties increased 64.5 percent from 2010 to 2011, reported the National Association of Realtors (NAR). If you're a first-time owner of an investment or vacation home, make sure you have the right insurance coverage!

If you have a mortgage on your vacation or rental property, your lender likely required you to insure it. The lender wants to protect its investment; however, you, as property owner, have other concerns. Some things to consider when insuring an investment or vacation home include:

- 1 You'll pay more to insure a home that's frequently vacant. Installing an alarm system can get you a discount on your insurance.
- 2 If you rent the property unfurnished, your policy will not cover your renter's belongings.
- 3 Renting can increase your liability exposures. Experts recommend having at least \$1 million in liability coverage if you own a rental or vacation home. The typical homeowners policy provides \$300,000 in coverage; a personal umbrella policy can provide the additional coverage you need.

For more information on insuring rental or vacation property, please contact us.



Protect Your Fun—and Your Budget—with Travel Insurance

For many of us, travel is more than an adventure—it can represent a considerable investment of time and money. This makes travelers insurance one of the most widely used forms of personal insurance outside the “big three” of homeowners, car and life. According to the U.S. Travel Insurance Association (USTiA), sales of travel insurance and emergency services provided by USTiA grew nearly 20 percent between 2009 and 2010.

What Does Travel Insurance Cover?

Travel insurance policies include one or more of these coverages:

- ✱ **Interruption coverage:** This provides financial reimbursement for trip cancellation, interruption or delay arising from conditions such as illness, bad weather or baggage loss. To receive reimbursement, the reasons for cancellation, interruption or delay must meet policy terms.
- ✱ **Medical insurance:** Travel medical insurance covers emergency or urgent medical care you need while traveling outside the U.S. and territories. This often includes coverage for medical evacuation to the U.S. or to a facility that can handle your condition.
- ✱ **Emergency assistance:** Perhaps the fastest-growing type of coverage, this offers 24-hour assistance while you travel, helping you find doctors, arrange accommodations, contact your family or arrange other assistance in case of emergency.

Travel insurance can be purchased on either a per-trip or annual basis. The USTiA notes that

more than 80 percent of travel insurance purchased by Americans is purchased on a per-trip basis and covers trip cancellation; interruption; travel delay; baggage delay; lost, stolen or damaged baggage; medical expenses and medical evacuation expenses.

Frequent travelers may want to consider purchasing an annual plan that includes medical and medical evacuation coverage. Many HMO plans do not cover anything except emergency treatment out of their service area; Original Medicare and many Medicare supplement plans do not cover medical services rendered outside the U.S. and its territories. See sidebar for more information.

Tips for Travel Insurance Buyers

Travel insurance costs roughly 4 to 8 percent of the cost of the trip. Is every trip worth insuring? “I think the longer you book in advance and the more expensive your trip, the more you should consider buying travel insurance,” advises Tim Jarrell, the publisher of travel guidebook Fodor’s.

Other factors to consider include the financial health and stability of your travel suppliers, predicted weather conditions and the political situation at your destination(s). Financial instability

among airlines and other travel providers, strikes, protests and bad weather can all increase the likelihood of travel delays or cancellations. Travelers should also be familiar with the cancellation policies of their hotels, tour providers, cruise lines or other travel service providers.

Before purchasing any travel insurance, you

Travel and Your Medicare Coverage

Original Medicare does not cover healthcare services and supplies outside the United States except under limited circumstances. If you have a Medicare supplement (“Medigap”) policy, it may offer coverage for healthcare services or supplies that you get outside the U.S.

A Medigap policy must be standardized in all states, except Massachusetts, Minnesota, and Wisconsin. (These states have Medicare supplemental coverage similar to the standardized Medigap plans and may offer similar foreign travel benefits.) Most states identify the policies as lettered plans, so you can compare them easily. Standard Medigap Plans C, D, F, G, M and N provide foreign travel emergency healthcare coverage when you travel outside the U.S. Plans E, H, I, and J are no longer for sale, but if you bought one before June 1, 2010, you may keep it. All of these plans also provide foreign travel emergency health care coverage when you travel outside the U.S.

Medicare-enrolled individuals whose Medigap or Medicare Advantage plans do not cover services outside the U.S. should consider buying a travel insurance policy that covers healthcare services, including emergency medical evacuation services.





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faster than standard commercial and industrial sprinkler systems.

- ✱ **Low cost:** A home sprinkler system costs approximately \$1.61 per square foot in new construction. In existing homes, they range from \$2.50 to \$5.00 per square foot, depending on how difficult it is to run the pipes. This assumes the availability of an adequate and reliable water supply. Of course, costs vary greatly by location. Costs will likely decrease as the use of home fire protection grows.
- ✱ **Small size:** Residential systems use smaller sprinklers than traditional, commercial and industrial systems, and they can be coordinated with any room decor.
- ✱ **Minimal installation work:** When homes are under construction or being remodeled, a home sprinkler system will require minimal extra piping and labor.

- ✱ **Low water requirement:** These systems will require less water than industrial or commercial systems; usually the domestic water supply is sufficient.
- ✱ **Insurance discounts:** Discounts vary depending on the type of coverage and the insurer, but typically range from 5 to 15 percent.
- ✱ **Resale value:** Installing a home sprinkler system can improve your home's resale value. Senior citizens and disabled individuals have special fire protection needs; as the population ages, more buyers will be looking at a home's safety features.

For more information on protecting your home and possible discounts on your insurance coverage, please contact us. ■

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will want to review your home and auto policies and credit card agreements. Some of these policies and agreements might cover certain travel-related situations, such as lost luggage and car rental liability. This coverage might be sufficient, especially for short or domestic trips.

Consider what you plan to pack as well. Common carriers typically provide low reimbursements for lost or damaged luggage. Certain items should never be put into checked baggage, including cash, credit cards, expensive jewelry, cameras, heirlooms, passports and critical documents, medicines and fragile items, such as eyeglasses. Check coverage under your homeowners policy, since travel insurance policies might also exclude coverage for some of these items.

Finally, you will want to ensure that the insurance company underwriting your travel policy is in good financial standing and meets industry standards. Make sure that the coverage offered includes reasonable limits for medical expenses and personal liability. The U.S. State Department notes that medical evacuation alone can cost more than \$50,000, on top of any emergency treatment you may require.

For assistance with travel and other types of insurance, please call us. ■

Test Your Home Sprinkler Systems I.Q.

Here are five statements about home sprinkler systems. Are they true or false?

1 When one sprinkler goes off, all the sprinklers activate.

False. Only the sprinkler over the fire will activate. The sprinkler heads react to temperatures in each room individually. Thus, fire in a bedroom will activate only the sprinkler in that room.

2 A sprinkler could accidentally go off, causing severe water damage to a home.

False. Records, which have been compiled for well over 50 years, prove the likelihood of this occurring is very remote. Furthermore, home sprinklers are specifically designed and rigorously tested to minimize such accidents.

3 Water damage from a sprinkler

system will be more extensive than fire damage.

False. The sprinkler system will limit a fire's growth. Damage from a home sprinkler system will be much less severe than the smoke and fire damage if the fire had gone on unabated or even the water damage caused by water from firefighting hose lines.

4. Home sprinkler systems are expensive.

False. When a home is under construction, a home sprinkler system costs an estimated 1 to 1.5 percent of the total building price.

5. Residential sprinkles are ugly.

False. The traditional, commercial-type sprinklers as well as sprinklers for home use are now being designed to fit in with almost any decor. ■

Source: U.S. Fire Administration

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Does Homeowners Insurance Cover Domestic Workers?

Standard homeowners policies include medical payments coverage, which will pay the medical bills of someone injured on your property, regardless of negligence on the part of the homeowner. However, the policy will not pay if you are obli-

gated to provide workers' compensation.

Even if you are not obligated to provide workers' compensation, the medical payments coverage under a homeowners policy has some serious limitations if you have in-home help. First, most homeowners policies limit medical payments coverage to \$1,000 or \$5,000. Workers' compensation has no such limits. Second, you have a deductible: any

costs below the deductible will come out of your pocket. Third, without workers' compensation, an injured worker can sue you for expenses that exceed the coverage, including lost wages and pain and suffering. By accepting workers' compensation insurance payments, an injured employee accepts workers' compensation as the "exclusive remedy" for his/her injury and (generally) loses the right to file a lawsuit.

Workers' compensation policies also provide some "employers liability" coverage, which covers you if one of your injured worker's family members sues you for loss of consortium, loss of services provided, or the like. Although the policy provides some coverage, it might not be enough to protect you from a large lawsuit. We also recommend having a personal umbrella liability policy, which would begin paying once your workers' compensation policy pays its employers liability limits.

For these reasons, we recommend that homeowners who employ domestic help buy workers' compensation, if it is available in your jurisdiction, unless your domestic help are independent contractors or paid by an agency. For more information, please call us. ■



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Do You Need Workers' Compensation?

Every day, an estimated 2.5 million individuals—mostly women—work in others' homes, cleaning, cooking and caring for children and the elderly. Although many people treat them as independent contractors, the IRS and workers' compensation laws may consider these domestic workers "household employees." If they are injured while working for you, you may be liable for lost-time claims as well as medical payments.

Household Employees Include the Following Workers:

- * Babysitters
- * Caretakers
- * Cleaning people
- * Domestic workers
- * Drivers
- * Health aides
- * Housekeepers
- * Maids
- * Nannies
- * Private nurses
- * Yard workers

The IRS considers these people "household employees" if you can control not only what work is done, but how it is done. It does not matter whether the work is full-time or part-time or that you hired the worker through an agency or from a list provided by an agency or association. It also does not matter whether you pay the worker on an hourly, daily or weekly basis, or by the job.

If only the worker can control how the work is done, the worker is not your employee, but is self-employed. A self-employed worker usually provides his/her own tools and offers services to the general public in an independent business.



Coverage Requirements Vary by State

Although IRS regulations govern tax withholding requirements throughout the U.S., workers' compensation requirements vary by state. Some states require employers of domestic workers to provide workers' compensation, which pays employees' medical expenses for injuries that occur on the job. In addition to covering an injured worker's medical payments, it will also provide "lost time" benefits when an employee cannot work and collect a paycheck because of a work-related injury or illness.

These states require workers' compensation coverage for full- and part-time domestic help: Alaska, California, Connecticut, Delaware, Hawaii, Iowa, Kansas, Maryland, Massachusetts, Minnesota, New Hampshire, Ohio, Oklahoma, South Carolina, South Dakota and the District of Columbia. These states require coverage for full-time workers only: Colorado, Illinois, Kentucky, Michigan, New Jersey, New York, Utah and Washington.

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How to Save Money on Your Homeowners Insurance

An independent insurance agent can help you assess your coverage needs, then shop from many highly rated insurance carriers. In this way, an independent insurance agent can bring you the best combination of service, coverage and cost.

The following tips can also help you save money on your homeowners insurance:

- * Consider a higher deductible. Increasing your deductible by just a few hundred dollars can make a big difference in your premium.
- * Ask us about discounts. You may be able to get a lower premium if your home has safety features such as dead-bolt locks, smoke detectors, an alarm system, storm shutters or fire retardant roofing material. Persons over 55 years of age or long-term

- customers may also be offered discounts.
- * Insure your house, NOT the land under it. After a disaster, the land is still there. If you don't subtract the value of the land when deciding how much coverage insurance to buy, you will pay more than you should.
- * Don't wait until you have a loss to find out if you have the right type and amount of insurance.
- * Make certain you purchase enough coverage to replace what is insured. "Replacement" coverage gives you the money to rebuild your home and replace its contents. An "actual cash value" policy costs less, but pays only what your property is worth at the time of loss—your cost minus depreciation for age and wear.
- * Ask about special coverages you might

- need. You may have to pay extra to cover computers, cameras, jewelry, art, antiques, musical instruments, stamp collections, etc.
- * Remember that the standard homeowners policy does not cover flood and earthquake damage. The cost of a separate earthquake policy will depend on the likelihood of earthquakes in your area. Homeowners who live in areas prone to flooding should take advantage of the National Flood Insurance Program.
- * If you are a renter, do not assume your landlord carries insurance on your personal belongings. Purchase a separate policy for renters. It not only covers your personal possessions, it provides liability coverage to protect you from lawsuits.

Source: usa.gov