

INSURANCE Insights

A Newsletter for Clients and Friends of MOUNTAIN STATE INSURANCE AGENCY, INC. ●●●●●

Take These Precautions Before Going on Vacation

GOING ON vacation? Maybe you bought a trip to Bangkok or London, or perhaps you're doing a tour of Civil War sites in the South.

While the chances of you being affected by violence on vacation are typically low, there are other risks that you need to consider: like an unexpected problem at home – such as a plumbing leak – when you are thousands of miles away, having valuables stolen, injuring yourself in a scooter crash or having your personal data hijacked.

Although the idea of taking a

vacation is to leave your everyday life behind for a while, if you fail to take certain actions ahead of time, you could end up being hit with a nasty surprise. These are some of the precautions you can take:

Batten the hatches

If you think burglary is the biggest risk to your unoccupied home when you are away, you will be surprised to know that according to the Insurance Information Institute, the average post-vacation burglary claim is for \$3,990, while the average loss cost for water-related

damage is more than \$8,800.

While you may think that a small leak can't cause much damage, it can if left unattended. While a leak when you are at home may go undetected for a day or two, if nobody is home at all it can cause serious damage since nobody is there to stop it.

The time between when a leak occurs and when it's discovered directly impacts the severity (and cost) of water damage.

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PLEASE VISIT OUR NEW WEBSITE – www.mountainstateinsurance.com

Hopefully you are finding our *Insurance Insights* newsletter informative. Our purpose is to inform our clients, prospects and friends about personal risks faced in everyday life and how insurance might apply to those risks. If you have friends or family members that could benefit from our newsletter, please send us their contact information. We are always looking for more great clients like yourself.

It is our pleasure to be of service to you.

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Want to Drive for Uber? Check Your Coverage

TO MAKE ends meet, or to build up their nest eggs, many people have turned to moonlighting as Uber or Lyft drivers.

However, if you are planning to make some spending money, you need to understand that doing so could invalidate your personal auto policy.

Uber and Lyft are so-called “ride-hailing” mobile apps that connect passengers to drivers. With the phone app, passengers can hail a driver to their exact location, track the driver using their phone’s GPS and pay for the ride with a credit card. Drivers keep the app on when they are waiting for customers or driving to fetch a passenger.

There are typically two levels of insurance involved in these ride-hailing arrangements. The driver carries their own vehicular insurance, while the ride-hailing company also has its own liability policy in place. Here’s what you need to know:

Your policy bans commercial driving

Your personal auto insurance policy may not provide coverage if you are involved in an accident while driving for Uber.

Personal auto policies have an exclusion for “driving-for-hire” – or commercial driving.

This exclusion means that a driver’s standard personal auto insurance would not likely cover them while the ride-hailing application is turned on, regardless of if they haven’t accepted a ride request and have no passengers in the vehicle.

Check your policy or call us and we can find out the extent of any exclusions in your coverage.

The coverage gap

Some states require ride-hailing companies to carry at least \$1 million per incident excess liability coverage. The policies are designed to deal with liability claims that a driver’s insurance doesn’t cover.

Ride-hailing companies’ insurance only covers third parties (injuries to others that an Uber or Lyft driver may hit and any property damage the third party sustained).

However, physical damage to your car or injuries you sustain would have to be borne by you if you only have a personal auto policy, since the ride-hailing company’s policy would not cover you.

There is another risk in the coverage gap: The ride-hailing operator’s insurance policy will not cover you if you are hit by an insured driver. Again, you would have to pay for that out of pocket if you have a personal auto policy.

HOW THE INSURANCE WORKS

- When the Uber app is off, you are covered by your own personal policy.
- When you have the app turned on, a low level of liability insurance becomes active.
- When a trip is accepted, a higher level of coverage takes effect and remains active until the passenger exits the vehicle.

TIP: QUESTIONS TO ASK UBER*

- How much liability insurance does Uber provide while I’m transporting a passenger? Do I need more?
- Will I be charged a deductible and, if so, what is it?
- Is the commercial liability insurance coverage my main source of coverage, or is it contingent on denial by my personal auto policy?
- How do I report a claim?
- At what times am I covered by Uber’s policy?

* Source: The National Association of Insurance Commissioners

WHAT YOU CAN DO

Insurers have responded to the ride-hailing trend.

There are two ways you can go to ensure coverage for yourself and your vehicle:

1. Buy a commercial auto policy that is valid at all times.
2. Buy a policy that specifically covers you and your vehicle when the ride-hailing app is on.

ASK US ABOUT YOUR OPTIONS!



What Is Replacement Cost Homeowner's Coverage?

NO ONE is immune to the threat of losing their home due to any number of possible hazards. But a recent survey by Marshall & Swift/Boekh, an insurance data services company, found that two-thirds of homeowners were underinsured by an average of 18% of the value of their home. That works out to \$36,000 for a \$200,000 home.

To make sure you don't get caught with inadequate coverage should you have a major claim, we offer you this primer.

Market value vs. replacement cost

Market value: Takes into consideration land value, depreciation and other nearby market factors.

Replacement cost: Reflects the cost to rebuild a home.

The two can have very different values. For example, your home may be worth \$400,000 in one neighborhood while an identical home across town could have a market value of half that much, even if they have equal lot sizes.

Rebuilding the homes using similar construction methods and materials would essentially cost the same for both.

Rebuilding costs can be higher or lower than market values, since factors like land value and depreciation don't affect rebuilding.

Sit down us to review special features of your home like crown molding, hardwood floors or a luxury kitchen to determine the replacement cost of your home. This is the amount you should insure your house for and it is sometimes referred to as "Coverage A."

Separate structures

Separate structures refers to structures on your property that are not attached to the main house.

SEPARATE STRUCTURES (COVERAGE B)

- Detached garage
- Fence
- Garden shed
- Detached in-law unit
- Swimming pool
- Outdoor kitchen

Most homeowner's policies include separate structures insurance (Coverage B) that equals 10% of your home's insured value. If the number and value of separate structures are significant, a separate valuation should be done for each to determine if extra coverage is needed.

Contents coverage

Personal property coverage is often known as "Coverage C" and can equal 50% to 75% of the Coverage A amount. If you have a typical amount of personal property in your home, this should be adequate.

But, if you have a lot of personal property or you have higher value items, then you may want to discuss an additional amount of coverage with us.

Items such as jewelry, guns, coins, computers, business and high-risk property typically have policy sub-limits, some of which may be \$1,000 or less.

Be sure to take a detailed home inventory to make filing a claim easier later. Take photographs and record serial numbers where applicable, particularly on high-value personal property. There are online tools available to help with the process.

Know value before a catastrophe

Knowing your home's value can help you protect what you have as well as the investment in your home. Short-changing yourself only create problems if you have to file a claim. You don't want to be dealing with value after a claim, because at that point, it is too late.



Check Your Health Insurance in Case You Need It Abroad

PREVENTING WATER DAMAGE

- Turn off water main before leaving.
- Check for leaks prior to departure.
- Ask a neighbor or a relative to check on your home every few days (they can also grab your mail and put it inside).
- Install a water shut-off device, if you don't already have one. If you do have one, replace all batteries and set the device to "away mode" before leaving.

Bringing jewelry? Check coverage

While the smartest choice is to leave expensive jewelry at home, some people do like to bring it along.

A typical homeowner's policy has a \$5,000 cap on valuables so if your bling is worth more than that, you may want to consider a jewelry rider with worldwide all-risk coverage to your homeowner's policy.

TAKE CARE OF YOUR BLING

- Don't pack jewelry items in your checked luggage.
- Keep all jewelry in your carry-on, preferably one that you can keep on your person during the whole flight.
- When not wearing it, keep your jewelry in the hotel's main safe – not in the room safe. Keep the jewelry there until you intend to wear it.
- Don't wear your jewelry at the beach or in the pool.

Go low-tech

While you may be tempted to share your vacation photos live or the same day you take them on Facebook or Instagram, there is a chance this can tip off would-be thieves that your home is unattended.

If you are sharing, make sure you have your Facebook privacy settings to friends and family only, and consider postponing uploads to the more open Instagram.



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Also, don't use the "check-in" function or hashtags, as doing so can alert local thieves that a potentially gullible tourist is in the vicinity.

In addition, unsecured Wi-Fi networks are prevalent in hotel lobbies, restaurants and other tourist destinations. Vigilant hackers can gain entry into your mobile device and your personal data on these networks, so use with care.

Accident insurance

Injuries and accidents can happen while on vacation. The level of international medical coverage provided by your domestic insurance provider can vary greatly depending on your plan, so you may have very limited coverage – or none at all.

Travel medical insurance can provide the coverage you need.

