

INSURANCE UPDATE

OCTOBER - DECEMBER 2017

Auto-Owners
INSURANCE

LIFE • HOME • CAR • BUSINESS

Car Rental Coverage

What's up with this rental?

We frequently get calls from customers wondering if their rental vehicle is covered by their auto insurance policy while on vacation.

If you have an Auto-Owners personal auto policy, it has specific coverage provisions that address whether an accident in a rental vehicle is covered. Let's look at a common example:

You take a vacation to Las Vegas and rent a car. How does coverage extend from your car to a rented car while on vacation? Under an Auto-Owners personal auto policy, if you have comprehensive and collision coverage, it carries over to a rental vehicle.

Liability coverage (coverage for another person's medical bills or damage to another person's property) extends only to the insured(s), a spouse, relatives who live with the insured, and anyone the insured gives permission to use the rental vehicle.

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Emergency Action Plans

Emergency action plans aren't just for schools and families. If you're a business owner, it's just as important for your business and employees to be prepared for a crisis.

While nobody wants to be affected by an emergency or disaster, the reality is one can strike anyone, anywhere and at any time. The key is to be prepared for the worst-case scenario before it happens.

Have you taken the time to identify the emergencies and disasters that could affect your business, your employees, visitors, contractors working onsite and others? Potential scenarios could include weather-related events, a chemical spill, a fire, a disaster at a nearby business or a workplace threat.

Each business is different, so the best strategy is to develop a customized emergency action plan specific to your worksite and potential sources of emergency.

Here are some items that should be included in your plan:

- Procedures for alerting employees and others
- An evacuation policy and procedure (with floor plans, maps and safe areas outlined)
- Procedures for employees who perform or shut down critical operations and operate fire extinguishers
- Training for employees who are expected to assist in the evacuation
- Designated employees for rescue and medical duties
- Scheduled time to conduct practice drills

You can find helpful resources to assist in creating your own emergency action plan at <https://www.osha.gov/SLTC/etools/evacuation/eap.html>.

For additional guidance and specific compliance information for your operation, review requirements for your business at www.osha.gov or your OSHA-approved state plan website.

Also, the following website will assist you in creating an evacuation plan: <https://www.osha.gov/SLTC/etools/evacuation/expertsystem/default.htm>.



Car Rental CONTINUED

Physical damage coverage (coverage for the rental car if it is damaged or stolen) applies only to the insured(s), spouse and relatives who live with the insured.

The broadest or best coverage from any vehicle on your policy extends to the rented vehicle. In other words, as long as one of the vehicles on your policy has both liability and physical damage coverage, the car rented on vacation will have those same coverages. If coverage can be extended to the rental vehicle it is not necessary to purchase the damage waiver from the rental car company.

The Auto-Owners policy is broader than the industry when it comes to rented vehicles regarding what is covered. If you have questions on this coverage, please contact us.

Keep in mind that it will be important to understand why the vehicle is being rented and who will be driving it, as these facts are important in determining if coverage will apply for a potential claim.

How Does Remodeling My House Affect My Insurance?

Envision your house transformed into a welcoming space with fresh updates and extra room for the things you enjoy. With a remodeling project you can open up walls, add lighting or upgrade the flooring to create a stylish look and improve the efficiency of your home.

Renovating your home can be exciting and overwhelming, and the last thing you may consider during the process is your homeowners insurance policy. If you didn't think about this, you're not alone! Communicating with us when modifications are made will help prevent your house from being underinsured and policy limits from not being enough to cover your house in the event of a loss.

In order to ensure your home is properly insured, our agency utilizes a replacement cost estimator (RCE). The RCE is a tool used to assess the cost to rebuild your home with similar materials if it is damaged or destroyed.

When adjustments are made that may impact the replacement value, it's the homeowner's responsibility to inform us so we can adjust the estimate. The replacement value of the home cannot be calculated correctly without us knowing about added features, and oftentimes that is last on the "to-do" list for you.

Guaranteed home replacement cost is a common Auto-Owners coverage you may already carry or may be eligible for if your home is insured to 100% replacement cost. It's designed to offer a cushion if there are unexpected additional costs to rebuild the home from the initial evaluation, such as increased cost of building materials. However, if the home is not insured to 100% replacement cost, this coverage will likely not apply, potentially causing a significant disadvantage upon claim time.

Keep in mind some updates can save you money on your homeowners insurance. For instance, replacing the roof, installing security features, sprinkler systems, water shut-off devices or a backup generator may lower your rates or even offer a discount on your premium.

If you anticipate making renovations to your home – whether it's adding a new deck or remodeling your kitchen – ask us how this could impact your insurance policy to ensure you are protected financially during and after the project.





Safeguard Your Long-Term Care

When deciding how you'd like to customize your long-term care (LTC) policy, you will most likely face a decision on whether to have an inflation rider or forgo any inflation protection. Before deciding what is best for you, it is best to understand the benefits offered by a compound inflation rider.

Purchasing an inflation rider can help ensure that your LTC benefit is adequate, considering the cost of medical care continues to increase each year. As your benefits grow, you'll feel more at ease knowing whatever the cost of care is, your policy will help support expenses related to your facility or in-home care.

In 2016, the average cost of a private room in a nursing home facility was \$229 per day or \$6,965 per month. For people purchasing long-term care protection, the need for an inflation rider is critical. Statistics show that the median cost of a nursing home facility is increasing 5% annually.

Knowing what the future holds for the cost of care, you'll want to choose the right amount of inflation protection for your LTC policy. Compound inflation protection amounts can vary, typically from 3% to 5%. Choosing an inflation rider affects your daily and monthly benefit.

For example, let's say you are 50 years old. You selected a daily benefit of \$150 and you'll need care in 20 years. Your daily benefit compounds to be around \$271 with a 3% inflation rider. With the 5% inflation rider, it potentially could compound to \$398 after 20 years. The younger you are when you buy your long-term care policy, the more likely you'll need a higher inflation rider.

The ideal age to purchase your LTC policy is 50 to 60 years old. Premiums will be more attractive and your insurability will be protected as well. People under age 65 account for nearly 41% of long-term care due to diseases, disability, mental illnesses or developmental disabilities.

Don't wait to purchase your long-term care policy, and ask us about inflation rider options. The reality is that 70% of people 65 years of age or older will need long-term care protection. Prepare for your future today.

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