

# Insights & Updates



VIA INSURANCE & FINANCIAL SERVICES

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Information from your professional insurance agent

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## Do I have any control over my auto insurance rates?

The New Jersey automobile insurance marketplace continues to be in a constant state of change. Each passing administration has made changes to the insurance regulatory system in hopes of stabilizing premium costs. These changes have included introducing tort thresholds, promoting fraud reduction, increasing rate factors for “bad” drivers, and legislating outright rate rollbacks.

The conditions of the insurance market have made acquiring car insurance extremely difficult for some motorists. And of those that do have insurance, many feel there is little they can do to decrease their premiums. However, there are a few precautions that can be taken to allow people to receive the lowest rates possible and avoid raising costs.

**Driving record.** Driving history is a predictor of future claims activity. Driving defensively and obeying all the rules of the road is one of your best routes to lower rates.

**Type of vehicle.** A major factor in the rating of your physical damage insurance (i.e., comprehensive and collision) is the type of vehicle you own. Generally, the higher the cost of the vehicle and the newer it is, the higher the rate. However, companies make further adjustments for the vehicle’s weight, body type, engine performance, actual loss experience from past years for that model, etc. Call us for a rating comparison for vehicles that you are considering to purchase or lease.

**Coverage.** Some people prefer to



assume more of the risk of loss on their autos and save on premiums. It may make sense for you to remove comprehensive and collision coverages on older vehicles, or increase your deductibles on newer vehicles.

**Use and residence.** Your employment and lifestyle will likely dictate the use your vehicles get and the location where they are garaged—two things that impact your rates. Consider driving the lowest-rated vehicle (e.g., an older vehicle without physical damage coverage) for activities that have the highest rate of use (e.g., business use or long-distance commuting to work to lower your rate).

**Timely premium payment.** Always pay your premiums on time. Late payments can affect the rates you pay. Issuing cancellations, processing late payments and then issuing reinstatements add significant costs to the servicing of auto insurance policies.

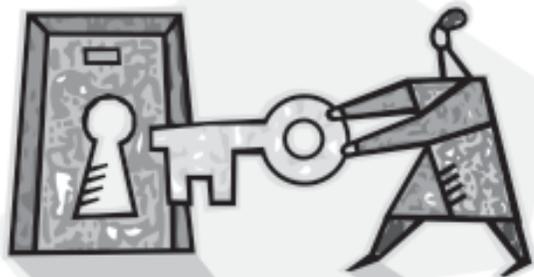
**Credit management.** Many insurance companies have established a link between credit history and the probability of having a car accident. As

strange as this may sound, there appears to be an objective basis for using credit analysis, known as insurance credit scores, to predict which policyholders will have a greater than average loss experience or less than average loss experience. Managing your credit wisely and keeping an eye on the accuracy of your credit report will help to lower rates on your auto insurance.

**Discounts.** There are some standard discounts, such as those for taking a driver training course or a defensive driving course, qualifying as a good student, insuring multiple vehicles on the same policy, installing certain anti-theft devices and maintaining certain safety equipment (e.g., passive restraints or anti-lock brakes). Some insurance companies have developed discounts for such things as buying your homeowners policy from the same company. Our agency would like you to take advantage of every discount available to you, so don’t hesitate to call us for a discount review.

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## Locking your doors is not enough

### ... how to prevent a burglary

You're planning to be away from your home for an extended period of time. You've locked your doors and windows and asked a neighbor to pick up your mail and newspapers. Is there anything else you can do to help prevent a burglar from invading your home?

Yes.

Make your home look occupied. Using timers on lamps and radios throughout the house is a great way to fool would-be thieves into thinking someone is home. Light-sensitive timers are perfect for outdoor lights and give intruders fewer hiding spaces.

### It's all in the lock

Even if you secure your house, it's important to use the right kind of lock. Dead-bolt locks are recommended for outside doors. A double-cylinder dead-bolt lock, which must be opened from both sides with a key, should be used on doors that have windows. Pin locks are recommended for windows and sliding glass doors. And don't forget to secure basement windows—they are a favorite target of thieves.

### Preventing crime when you're at home

Keep valuables out of sight, preferably in a safe deposit box. Don't display expensive items such as stereos or musical instruments in plain view through windows and don't advertise recent purchases—break up cartons and put them in a bag in the trash rather than next to the garbage can.

Even if you take precautions, a break-in can occur. That's why it's important to call us to determine if you have the right amount of homeowners insurance for your needs. If you return home and think you've been burglarized, call the police from a neighbor's phone; don't enter your home or touch anything in it before police investigate. Then call our agency to report the incident.

## Motorcycle popularity rising ... with thieves



Riding a motorcycle has become more attractive to a variety of people. What used to be a male-dominated form of transportation, now appeals to all. With the appeal of the open road and fresh-air, more people are riding.

With the increase in popularity comes the increase in motorcycle thefts. Thieves are resourceful and use every part for resale or they will build a new bike with parts from different stolen machines. Parts from motorcycles can be easily reused more than automobile parts. As a result, the

recovery rate for motorcycles is far lower than that of cars or trucks.

To help avoid becoming a victim of motorcycle theft, always lock your motorcycle, even if it is stored in a garage. If you don't have a garage, park in a well-lit area and use a lock that immobilizes the front wheel or handlebars. Or, use a case-hardened chain and lock your bike to an immovable object.

Another important thing to remember is insurance. Unlike liability coverage, which is required with motorcycle insurance, theft coverage is not mandated in any state. Even if you do already have coverage, you might be able to lower your premiums by using the anti-theft devices.

Be sure to check with our agency to see if your theft coverage is in place and your premiums are appropriate—before you head out to the open road.

## Go with a pro!



Insurance is a big deal. It's one of the largest investments for families and individuals alike, right up there with mortgage payments, rent and car payments. It's also one of the most important investments you make. The right policies can mean the difference between driving to work and taking the bus; between having a house or not.

You need to talk to a professional.

More than that, you need to talk to an *independent* professional. An independent insurance agent is trained to answer all of your insurance questions: Do you have the right protection? Have you purchased enough coverage or too much? Are there any serious gaps in your protection? Do you qualify for special discounts?

Agents affiliated with one specific insurance company also are qualified to analyze your coverage, but if you want to get the most for your money, you're better off going with an independent agent. "Captive" agents who work for a single insurance company have no choice whose coverage they sell. Independent agents are free to choose from a wide variety of carriers so that the policy you get is the one that fits you best at a price you can afford.

In the end, we simply have more to offer than company agents. We give you choice, advice that is truly objective, the best policies for the best prices and access to companies with specialized coverage for your unique needs. It's service—truly personalized service—with only you in mind.



## Homeowners—storm damage

April showers might bring May flowers eventually, but in the meantime, storm damage can pile up. According to the National Oceanic and Atmospheric Administration, 226 thunderstorm and high-wind events, each causing more than \$10,000 in property damage, were reported in the U.S. last year in April.

If that statistic wasn't worrying enough, a recent study by Marshall & Swift indicates 70 percent of U.S. homes are under-insured by an average of 29 percent. The two-year survey, interviewing nearly one million homeowners, illustrates a disturbing trend of chronic under-insurance placing American homeowners at unnecessary financial risk. It's too late to make sure your insurance is comprehensive when that old oak tree out back is struck by lightning and falls through the roof of your family room.

According to *U.S. Law* online, a single family's policy should cover at least 80 percent of the total property value for a house. At least 20 percent of a property's value is considered to be in the land on which the house is built. Since the land won't need to be rebuilt, you can safely deduct that 20 percent from your policy. However, this formula does not consider the difference between actual cash value and replacement cost, so higher amounts may be needed, depending on the age of the home.

When your home is damaged by the elements, the losses aren't always as obvious as the tree in your den. What if your home is no longer habitable? Who will pay for lodging, or meals, laundry and transportation while it's being repaired? Homeowners policies frequently cover these expenses. And what about clean-up expenses? Does your policy pay for the removal of debris? Usually the answer is yes, but it's important to understand that coverage for trees and such is commonly limited.

There are also several items that probably aren't covered by your homeowners policy. Trees, shrubs and gardens damaged or destroyed by storms may not be replaced by your insurer. Food which has spoiled in an inoperative refrigerator or freezer because of a related power outage will not be covered unless the damage to the utility occurred on your property.

The complexity of homeowners insurance requires good communication between you and our agency. When in doubt, give us a call to clarify your coverage.



## How much life insurance do you need?

The answer is different for everyone. So are the choices for coverage.

You can purchase life insurance to cover loss of income

in case of death and to assist with subsequent expenses such as medical and funeral bills, child-care costs, college expenses, and the costs associated with day-to-day living such as mortgage and rental payments.

Some life insurance policies contain features providing retirement income and cash savings—so life insurance may offer both protection and savings.

The basic types of life insurance policies are term, whole life and endowment.

Term life insurance offers protection for a set number of years at a fixed premium and generally offers no savings feature or cash surrender value. The face amount of a term life insurance policy is generally payable only if the insured person dies during the period which he/she is covered by the policy. It is inexpensive, but when the policy term ends, the policy is usually renewed at the insurer's current age and at a higher rate.

Whole life insurance provides lifetime protection with limited savings values. Premium rates are generally constant throughout the life of the policy contract, and the premiums are payable as long as the insured person lives. Full payment of benefits is made upon the death of the insured person, or at attainment of age 97, 98, 99 or 100, depending on the insurance company. Whole life insurance provides good protection at a relatively low cost. The insurer retains the policy's accumulated savings, but the policy has a cash surrender value, against which the insured person may borrow or receive if the policy is allowed to lapse.

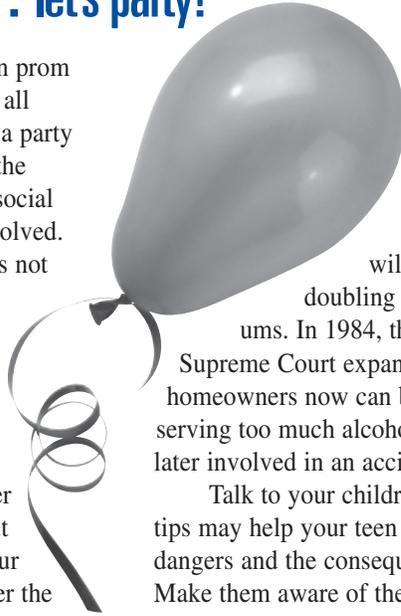
Endowment life insurance policies are issued for varying periods of time—10, 20 or 30 years, for example—and emphasize savings rather than protection. If the insured person lives longer than the endowment period, he/she receives the face value of the policy. If the policyholder dies during the period of time, the face amount is paid to his/her beneficiary or estate. It costs more than term or whole life insurance and is commonly used to provide retirement income.

There are a wide variety of life insurance policies. Talk to us. We will help you determine which policy is best for you.

## The pressure is off... let's party!

This is the time of year when prom nights and graduation parties are all around. If you're going to throw a party for your teen this year, consider the responsibilities you incur as the social host—especially if alcohol is involved. Hiring a caterer or bartender does not relieve you from liability.

What if one of your guests drinks too much and ends up getting hurt or hurts someone else? The most important thing to remember is drinking and driving puts the lives of the driver and others in extreme danger. But don't forget the other risks. If your child is in an accident while under the



influence of drugs or alcohol, he or she will be in severe legal trouble and your insurance rates

will skyrocket—

doubling or tripling premi-

ums. In 1984, the New Jersey

Supreme Court expanded liability so homeowners now can be held liable for serving too much alcohol to a guest who is later involved in an accident.

Talk to your children. The following tips may help your teen understand the dangers and the consequences of drinking. Make them aware of the dangers of drinking

and what could happen to them or their friends if they choose to drink. Make it clear that drinking alcohol is not an option until they are 21 years old. Set down rules and explain what will happen if they break these rules. Explain to your children true friendship, so when peer pressure hits, they will be able to stand firm and refuse to "go along with the crowd."

Protect your children and yourself with good parenting and make sure you have the right insurance. Look at your homeowners and auto insurance policies. Do you have enough coverage? Call us today. We will help you determine if your policies are adequate.



## Caring for our aging parents

Caring for an elderly person is a problem all of us are likely to encounter. The over-65 population is growing rapidly and putting a stress on families, as well as individuals, both emotionally and financially.

Everyone with elderly parents knows the potential problems: How long can they stay on their own? Where will they go? What resources are available? What will happen to their assets?

The average cost for one year in a nursing home is approximately \$40,000, depending on where you live. In the bigger cities, it can go as high as \$100,000 annually. Twenty-four-hour care can be just as expensive. Statistics show that men over age

65 have a one-in-three chance of needing long-term care; for a woman it increases to one-in-two. For this reason, long-term care insurance needs to be discussed with your parents. Explain to them that this type of insurance will help preserve their assets as well as their piece of mind. This is also something you should consider for yourself. It's much cheaper to buy now than when you're older.

Let's keep our elders healthy and independent in their own homes for as long as possible. Call our agency to set up an appointment to discuss long-term care insurance. We will help guide you and your parents through the process and determine the right policy for your situation.

## Homeowners insurance and the home inventory

Before you determine how much homeowners insurance you need, you might want to conduct a home inventory.

This inventory could prove invaluable if you lose some or all of your household belongings because of a fire, burglary or natural disaster.

To conduct a home inventory, first list all your major belongings and furnishings room by room. Record a brief description, any serial numbers, purchase prices and dates and current value. Don't forget to attach any receipts and appraisals. Next, take photographs of or videotape every room of your house, with the closets and

cabinet doors open. Lastly, store the inventory and photographs/videotape in a safe place away from your home, such as a safe deposit box in a bank.

You should be aware that homeowners policies generally limit the amount of coverage on fine jewelry, furs, silver and other possessions of high value, and you might want to purchase additional coverage in the form of personal article floater policies. Call us. We will help you work through all the details of homeowners insurance and help you determine the policy that will best fit your needs.

