Insights & Updates

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VALVANO INSURANCE AGENCY
A FOUNDING MEMBER OF AGENCY NETWORK EXCHANGE

16 West Elizabeth Avenue ✦ PO Box 1100 ✦ Linden, NJ 07036
(908) 862-4047p ✦ (908) 862-0308f

In this issue

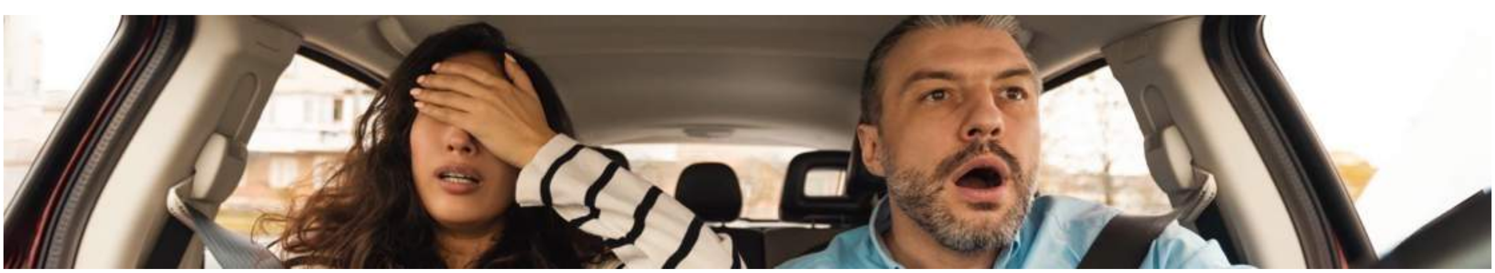
Spousal liability insurance: What the heck is it?

It's natural to think about occasions when you may need insurance: Rear-ended at a red light, sideswiped at an intersection, or backed into in a parking lot. In each of these scenarios, it is also natural to think of the other drivers as responsible for the accidents. But what happens if the responsible driver is your spouse? Insurance coverage just became a little more complicated.

The reason goes back to a common-law doctrine called interspousal immunity—which found its way into American jurisprudence over 150 years ago. It prohibits people from suing and recovering from their spouse for the spouse's negligence. The doctrine is based on the legal decision that a married couple share the same identity in law. Under the doctrine, a married couple is one person under the law, so that person can't sue himself or herself. Interspousal immunity as a legitimate legal doctrine has been on the decline since the 1920s—not coincidentally coinciding with the passage of the 19th Amendment—but there are some stubborn holdovers in the law and in public life, insurance included.

In the past, many insurance contracts excluded bodily injury coverage related to the negligence of one spouse toward another—due in part to interspousal immunity. An example of these exclusions can be seen in some New Jersey personal auto insurance policies in the form of "intra-family" step-down clauses. A step-down clause is a provision in a policy that reduces the amount an individual can recover for bodily injury from the stated limits to the state minimum levels. An intra-family step-down clause reduces that amount that spouse, or even another family member such as a child, can recover from a policy for the negligence of a spouse. The disruptive nature of these provisions, as well as their dubious connection to interspousal immunity, has led to recent efforts in the state Legislature to prohibit the use of step-downs, including "intra-family" step-downs, in policies.

Have questions about spousal liability or step-down provisions? Reach out to our agency.



In 2022, **53.4%** of people who **divorced** owned their homes—**46.6%** were **renters**

64% of men and **52%** of women get **married again** after their marriage has ended

6% of divorced couples **remarry** each other

So … you're getting a divorce

If you and your spouse are separating or getting a divorce, give our agency a call. We can help you sort through your insurance policies to get them updated to reflect your current status. Legally separating spouses should be mindful of the following insurance concerns:

Homeowners insurance. Update any homeowners insurance policy to reflect the name of the spouse remaining in the home. Obtain an updated deed or divorce decree. The person staying in the house should continue to be the named insured if his or her name is still on the deed. The person leaving the home can become an additional interest—if his or her name also remains on the deed. Separate homeowners or renters insurance should be purchased for the new residence of the departing spouse. If both spouses leave the house, notify us of the vacancy date, so we can help you obtain a policy for the vacant or unoccupied residence. Also, notify us once your personal property is removed or added to your home, so your personal property coverage can be updated.

Auto insurance. Auto insurance after a divorce largely depends on living arrangements and where cars will be kept. If you are living together, you both can remain on the same policy, or get separate policies.

If you live apart, regardless of divorce status, give us a call. We'll review your policy and situation and help you figure out if you need a separate policy, or if your original policy will cover you. The family's teenage drivers should be listed on the residence that is their primary home, otherwise both parents might pay a full premium for each child!

Life insurance. Keeping life insurance on a party providing alimony or child support could avoid loss of income if that person passes away. Also consider keeping or purchasing more coverage on the party responsible for caring for any children (funds for premiums on such policies can even be included in the divorce decree).

Changing the beneficiary of an existing policy may make sense if you do not have children. You should review all other beneficiary designations on retirement, bank, investment, and other asset accounts and group insurance (through an employer).

The ring … Was an engagement ring insured by a separate policy or an extension of your homeowners (or renters) insurance? Make sure it reflects the proper owner and financially maintain it to ensure continued protection (unless you pawned it).

Update your personal home inventory for renters insurance

Renters insurance provides an essential safety net for tenants, offering protection against unforeseen events such as theft, fire, natural disasters, or lawsuits! While obtaining a renters insurance policy is paramount, many renters undervalue the importance of updating their insurance coverage to protect their high-value items. But does one truly know how many possessions one has? As life evolves and possessions accumulate, neglecting to adjust one's renters insurance policy can lead to potential gaps in coverage, if you need to file a claim.

Importance of a personal property inventory. Documenting and detailing everything an individual owns becomes crucial in the event of a fire, flood, or home invasion. By maintaining an inventory, renters (and homeowners and condo owners) can assess whether they have acquired sufficient coverage for their belongings and decide whether adjustments are necessary based on their inventory's needs.

Step by step: How to create a personal property inventory

Here is a four-step guide that anyone can use to create or update a personal property inventory:

Step 1: Gather necessary tools. Begin by getting all necessary supplies, such as an Excel or Google spreadsheet, a smartphone with a quality camera, and any receipts or bank statements showing purchases of items in your possession. Create a new digital folder, free up space on your digital cloud or Zip drive, and/or purchase a file storage organizer to maintain documents efficiently.

Step 2: Document your inventory. Pick a starting point in your home. This could be a room, closet, or a drawer. Pick an item, making sure to document what the item is, its color, size, brand, and any distinguishing patterns or features. Using one's smartphone or camera, take well-lit photographs from varying angles. For larger or longer items, one can use a tape measure to measure the length or scale to weigh the items.

Step 3: Recordkeeping. Recordkeeping is another essential step in the process. If possible, include the date you bought each item, its original cost, and if you still have them, the receipts. Noting the current condition at the time of inventory, as well as the location within your home where the item is located is helpful information to know in the future in the event a claim is filed.

Step 4: Update your inventory regularly. Opting for an annual assessment or updating after significant purchases can ensure your inventory is updated. Keeping your inventory accurate involves noting any items you dispose, sell, or donate.

While obtaining a renters insurance policy is paramount, many renters undervalue the importance of updating their insurance coverage to protect their high-value items.

Moreover, one should ensure accuracy by periodically reviewing the inventory and adjusting item values, accounting for item depreciation, and price changes.

Is it covered?

We assume all our possessions will be covered if we lose them or if they are damaged, but do you know how your insurance policy will truly respond—or even which one will respond when it is needed? Sometimes you need additional coverage. If you have an item on this list, give our agency a call and we can help you check your policies and verify your coverage limits.

Snowmobiles. Typically, a snowmobile is not covered by a homeowners, renters, or auto policy if it is used, or transported off your property. A snowmobile policy offers you collision, comprehensive, and accessory coverage. It also will help you pay your medical bills if you are injured, and bodily injury liability and property damage liability if you injure others or their property.

Boat stored on your property during winter. Depending on the value of your boat (typically over $2,000), your homeowners insurance policy probably won't cover it if you store it on your property during the winter. A watercraft insurance policy is probably your best bet, which may have lay-up provisions for winter storage.

Possessions left in your car. Most auto policies won't pay to replace items that are inside your car if it is stolen. However, these items may be covered by your homeowners policy. If you need to keep a lot of expensive items in your car, give our agency a call.

Jacuzzis. Generally, Jacuzzis are covered by your homeowners policy and offer liability protection if a guest is injured in or around the tub.

High-value items. Items like jewelry, furs, gold, and firearms, and many items of a unique or special value have very limited coverage under a standard homeowners policy, which may make additional insurance advisable.

News from our agency

As one year ends, and the next begins

As we close one year and plan for the next, know that we can help guide you through your insurance needs. In 2024, resolve to call our agency to conduct a review of your insurance policies—even if they are not with our agency.

We'd like to hear about any changes in your life. If they are positive, we'd like to celebrate them with you—and if they are less so, we may be able to help you with your insurance needs.

Thank you for choosing to work with us.