

Insurance Update



VOLUME 2, ISSUE 2

APRIL — JUNE 2008

LIFE INSURANCE

Universal Life: One Policy For Life!

Buying a life insurance policy should not be like buying a car, where you use it for four or five years and then trade it in or buy a new one. Even the best buyers lose money when they drive off the lot with a new car.

Why not buy a life policy that doesn't have to be traded in? For example: You could buy \$500,000 in Universal Life coverage on a 25-year-old male, non-smoker, for about \$2,650 a year. If that's too much money, what if we re-structured that Universal Life policy as a 20-year level term? Now it is about \$430 a year, which is much more affordable. Yet because it is a Universal Life policy, it remains flexible.

As you become more financially secure, additional money can be put into the program to keep the coverage as long as it is needed without having to worry about an expiration date. In fact, there are times when you might even skip a payment if times get tough. What happens if you develop cancer at age 35? Most term policies are set up to expire after their initial coverage period. If they can be renewed at all,

those policies will be at an exorbitant price, requiring a much larger cash outlay. Not a problem with Auto-Owners Universal Life!



How many people do you know that are in the same physical condition at age 45 as they were when they were age 25? Auto-Owners Universal Life Insurance gives you the peace of mind that you have provided your loved ones with protection that will be there when they need it. Call us today to help put together a program for your peace of mind!

BUSINESS INSURANCE

Protect Yourself & Your Business With EPL Coverage

Close your eyes for a minute. Imagine yourself sitting in your office, straightening up your desk and preparing your schedule for tomorrow. There is a knock at the door. Joe, your most loyal employee, would like to speak with you.

You greet Joe and offer him a seat, but you can tell something is wrong. Joe feels he was the best candidate for the new supervisor position, and informs you he will be taking you to court for wrongful failure to promote. You are in disbelief, immediately second-guess your decision, and panic sets in. Now open your eyes, take a deep breath and relax; you have Employment

Practices Liability (EPL) coverage with Auto-Owners.

In today's sue-happy world, where many people are out to make a quick dollar, it is now more important than ever to properly protect yourself and your business. Employees are increasingly aware of their rights and the laws, especially with respect to discrimination and harassment, leading to a sense of entitlement where employers are now forced to spend significant amounts of money to fight groundless allegations.

Consider:

- In both 2006 and 2007, more than 100,000 EPL charges were filed with federal and state agencies each

year.

- 52% of those charges were filed against small businesses.
- 81% of those charges were settled out of court for between \$22,400 and \$40,500.
- Roughly 75% of the cases that went to court were found groundless, but still required defense costs in excess of \$10,000.

The numbers are staggering and have the potential to cause significant setbacks to any business, but take a deep breath and relax; you are offered EPL coverage with Auto-Owners. For more information on EPL coverage contact our agency.

PERSONAL INSURANCE

Cover Your Bases By Checking Your Roof



Inspect your roof . If it looks like this, find a licensed contractor to make repairs.

“For many people, your home is your single largest investment. Just like anything else, your roof needs to be maintained to avoid sudden surprises.”



If you can't live in your home, fair rental value may be a good option. (FEMA photo)

If your home is damaged, using the fair rental value coverage option in your Auto-Owners policy may be wise. With fair rental, you only have to document normal expenses, not any extra costs associated with living outside your home.

Your roof is your home's first line of defense against the elements. The sun, wind, rain, snow and sleet can all wear your roof down over time. That's why it is important to make sure your roof and roofing materials are properly maintained. If you watch for early warning signs of a deteriorating roof, you can reduce or eliminate a costly repair bill in the future.

Do you have a problem?

Many of us are not experts when it comes to home repairs. How do you know if it may be time to repair or replace your roof? When it rains, look for roof granules washing into your

downspouts and gutters. Be on the lookout for shingles that are starting to curl up or crack. Watch for water stains on your ceiling. Even the smallest leak can be a sign of big trouble. If you notice any of these warning signs, it may be time to have your roof inspected by a licensed and insured contractor.

Can you prevent a problem?

For many people, your home is your single largest investment. Just like anything else, your roof needs to be maintained to avoid sudden surprises. Here are a few tips to help make your roof last longer:

- Proper eave and ridge

ventilation can help extend the life of your roof by preventing the buildup of heat and moisture.

- Keep trees trimmed to prevent them from rubbing against the roof and to prevent excessive debris buildup.
- Keep your roof, valleys, gutters and downspouts free of leaves, twigs and other clutter that can prevent proper drainage.

Be proactive, watch for early warning signs and take steps to prevent roof damage, and you can have peace of mind that your roof will be there to protect you from the elements.

CLAIMS

Fair Rental Value One Option If Home Is Damaged

What happens if your home becomes unlivable because of a covered loss? Your homeowners policy makes a provision for that under Coverage D, additional living expenses.

As the title implies, this coverage reimburses you for the increase in your normal living expenses while your home cannot be lived in because of damage from a covered loss. While the policy does not pay for all of your expenses, it does cover the increase in those expenses. For example, the cost of temporary housing or increased mileage to work or school

would be considered "additional" expenses.

Rather than documenting the increase in normal living expenses, the Auto-Owners homeowner policy provides the option to collect the fair rental value of the home. While on the surface this may seem to be the simpler of the two options, documentation of normal expenses is required under both options. The policy states that you can make a claim for the fair rental value of the home, less normal expenses that do not continue during the time the home is unlivable.

The main difference between additional living ex-

pense coverage and fair rental value is that the expenses being incurred do not enter into the calculation of benefits under the fair rental value option. Thus, there is no need to document what you spent on expenses when opting for fair rental value.

There are advantages to both additional living expense and fair rental value coverages, depending on each person's circumstances. In the unfortunate event that you would need to utilize these coverages, our agency personnel would be happy to review the benefits of each.