

DURFEY-HOOVER-BOWDEN NEWSLETTER

SERVING RALEIGH SINCE 1937

2010 EDITION

Agency Principal John Bowden died this past year. We greatly appreciate the support shown by our community to his family and our agency. He will be missed.

John's son, Michael Bowden, will be taking over John's role. Michael has been in the insurance industry since 2003 and is working with fellow Principal, Paul Hoover III, to ensure that our customers can expect the same high level of service and expertise from our agency.

INSURANCE CHECKUP

Once again we have enclosed the Personal Insurance Checkup. If you have made any changes in your life or didn't have time to fill one out last year, this is another opportunity for us to work together to make

sure you are properly insured.

You can fax this form back to our office or just give us a call and we will contact you to let you know if we need to make any changes

to your current policies.

It is important to keep us informed about changes that are taking place in your life.

The more we know about you, the better we can keep you protected.

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FREQUENTLY ASKED QUESTION— I JUST GOT A TICKET. WHAT SHOULD I DO ABOUT IT?

You got a ticket. Now what? Is your insurance going to go up? Is it going to be cancelled? Many people are hesitant to call their insurance agent after they get a ticket, but it is one of the first calls you should make. Simply calling our agency to ask for advice doesn't mean the ticket is going to be held against you. We can give you information to help you decide the best route to take.

How a ticket will affect your insurance depends on what the ticket is for, any previous violations, claims and a large number of other small factors. We have seen people spend great effort to fight a ticket that was a non-issue and others simply mail in payment for a ticket that later caused them serious problems. Call us and we

can give you information to help you decide if a fight is worth your time.

Kids

Make sure your kids understand that they need to tell you about tickets if they are on your insurance. Kids off at school often pay any ticket they get thinking that they are "doing you a favor" by not asking you to get involved. This is often revealed to you in the form of a large increase in your premium.

PJC

One of the most common sources of confusion is with North Carolina's Prayer for Judgment Continued (PJC).

North Carolina is one of the few states to offer PJC. A request for this is submitted to a judge who has the ability to approve or deny the

request. If approved, the ticket will not count against you. But there is a limit.

For insurance purposes, a household is eligible for a PJC once every 3 years. Getting them more frequently than this can nullify both PJCs. For example, a husband gets a PJC for a speeding ticket and one year later the wife gets a PJC after running a stop light. The courts will allow this to happen, but for insurance purposes both PJCs are cancelled out. Now both tickets count against their insurance.

Tickets are something that many of us would like to keep to ourselves. Despite this, you are much better off keeping your family and insurance agent in the loop.

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HOME BASED BUSINESS

A survey commissioned by the Independent Agents and Brokers of America reported that one in 10 US households operate some type of home-based business. The majority of these did not have insurance coverage. This is often because the individual didn't realize that this exposure isn't covered by their homeowners coverage.

A standard homeowners policy has exclusions that limit or remove coverage for business exposures. A few of the main concerns include:

- Your homeowners policy does not cover liability arising

out of or in connection with business activities. This is true if you own the business or simply work from home for another company.

- Property used primarily for business is limited to \$2,500 on premises and \$500 off premises.
- A standard homeowners policy does not cover unattached structures in which any business is conducted.

What should you do? This depends on your type of business. The homeowners policy can be endorsed to plug some of these gaps for certain eligible businesses. Other busi-

nesses ineligible for inclusion by endorsement will need a separate policy. This is often cheaper than you would think.

If you have an exposure, give us a call and we can help you determine the best path. It is important to remember that a homeowners policy can be endorsed to fix some of the holes for your business exposure, but this policy was never designed to provide comprehensive protection for a business. If you want the best coverage, you need to buy a separate policy.



60% of home based businesses are uninsured. Nearly half of them incorrectly believe they are insured.

UMBRELLA POLICIES

In the event of a severe accident, there is a chance that your current policy will not provide enough protection. Type the words "NC auto verdict" into Google and click around on some of the links to see the outcome of cases tried in North Carolina. Cases in the high six figures were common and we even saw a couple in the high seven figures.

Every year large liability losses devastate the financial health of families who thought they had adequate



protection on their Homeowners or Personal Auto policies. Settlements that exceed the limits available on these policies are becoming more and more common. A major insurance company sites the following examples of large liability claims:

- A homeowner invited the neighborhood kids over to his pool to celebrate at an end-of-school party. One of the kids at the party dove into the pool and hit his head

on the bottom. He became a quadriplegic and his family successfully sued the homeowner for \$1,500,000.

- A motorist was found at-fault for a fatal accident involving a 43-year-old father. The father's estate was awarded \$900,000 based on the father's future earning potential.

Umbrella policies are an inexpensive way to provide your family with peace-of-mind in the event of a serious liability claim. You can often purchase an additional \$1,000,000 in coverage for as little as \$100-\$200 a year. Please give us a call if you would like more information.

These are just a few of the verdicts North Carolina Lawyers list on their sites for auto accidents:

\$2,375,000

\$1,000,000

\$1,625,000

\$5,000,000

\$150,000

(for a broken ankle)

DOG BREEDS

There are a ton of questions to consider when looking for a new dog. Should you get a puppy or an older dog? Do you have the time and space for a very active breed? What sort of health concerns does this breed have?

A question that almost never comes to mind is, "how will this affect my ability to get insurance?" The truth is that

certain breeds can be difficult to insure and some companies will not cover you if you own them.

Breeds such as Rottweilers, Pitt Bulls, Chows, Akita, Presa Canario and Sharpei can cause issues. Dogs with a history of aggression will also cause an insurance company to think twice before offering you a quote.

The vast majority of dog breeds do not cause any issues with insurance. If you want to be sure a breed will not cause you issues or have your heart set on one of the hard to insure breeds, give us a call. We represent multiple insurance companies and each one looks at the situation differently. We will do our best to help.



YOUR NEIGHBOR'S TREE

My neighbor's tree fell on my lawn. Shouldn't their insurance pay?

We hear this question all the time. Many neighborhoods in North Carolina are filled with trees. Anyone who was around when Hurricane Fran hit can tell you that the shade and beauty of a tree filled lawn has a price when big storms hit.

Most of us assume that since it is your neighbor's tree, it is your neighbor's problem.

This is often not the case. In order for your neighbor's insurance to pay, they would need to be negligent. If it was an old rotten tree they were warned to take down, you may have a case. However, an otherwise healthy tree blowing over in a storm usually will be considered an "Act of God." You are going to have to look to your own insurance for help.

Your insurance will pay for trees felled by a covered

cause of loss which damage a covered structure or block your driveway. Standard HO3 homeowners policies pay up to \$1,000 (up to \$500 per tree) in the event of a loss. The broader HE7 policy provides up to \$2,000 (up to \$1,000 per tree).

If you live on a heavily wooded lot and have a standard homeowners policy, you may want to give us a call to see if you are eligible for an HE7.

UNLESS YOUR NEIGHBOR CAN BE SHOWN TO BE NEGLIGENT, THEIR TREE IS NOW YOUR PROBLEM.

UNISURED/UNDERINSURED MOTORISTS

According to research done by the Insurance Research Council, approximately one in six people on the road today is uninsured. This number is expected to increase.

Uninsured/Underinsured Motorist coverage provides protection in the event you are injured by a driver that doesn't have insurance or simply doesn't have enough insurance.

The issue has become big enough that the NC legislature passed a bill making the cover-

age mandatory.

If you are seriously injured in an accident by driver with the state minimum insurance limits, it is likely that there will not be enough insurance. If you are unable to work, receive a permanent injury that affects your quality of life or lose a loved one, hearing that the other driver doesn't even have enough insurance to cover your medical bills can be devastating. UM/UIM coverage will step in and act as if the other driver had limits equal to the amount you have listed on

your policy.

Your umbrella normally does not stack above UM/UIM coverage so you will need to purchase as much coverage as you need on your auto policy.

If you are interested in a quote for higher UM/UIM limits, give us a call and we can discuss your options.

If you ever need it, this can be one of the most important coverages you can buy.

ONE IN SIX MOTORISTS ON THE ROAD ARE UNINSURED.

WHO WILL PAY IF ONE HITS YOU?

WHAT'S HAPPENING TO HOMEOWNERS INSURANCE?

You may have heard the recent commotion about homeowners insurance in North Carolina. Insurance companies are reducing writings, leaving the coastal counties, and raising premiums. One major carrier has pulled out of North Carolina and others are threatening to do so. Not surprisingly, it is all about money.

The homeowners market in our state has been very competitive – so much so that many companies have not

made an underwriting profit on that line of business for years – still being able to get to break-even with the help of investment income. In addition, companies hoped to also write the more historically more profitable auto insurance for the family.

A couple of factors pushed the homeowners insurance companies to action:

Anyone who watches TV will probably see 10+ auto insurance commercials an evening. Notice that what is being solicited is the auto policy, not the homeowners. The advertisements are working and many insureds are leaving their homeowners policy with their current carrier and moving the auto to

a Progressive or Geico. The profitable piece has been moved and the piece that is marginally profitable at best remains.

The second issue was a new awareness by the insurance carriers of the potential assessments that could come from hurricanes at the coast. Most of the wind exposure on coastal property in out state is insured through the NC Beach Plan. Under this arrangement, subject to various thresholds and

caps, losses at the coast are passed along to all insurance carriers writing property coverage in NC based on their percentage of total homeowners writings in the state. Write more homeowners business in Asheville, Charlotte, or wherever and you increase your potential assessment from losses at the coast. Auto insurance writings do not figure into this calculation – a company writing auto only is not subject to this assessment.

Because of this, many companies will not write your homeowners insurance

unless they also write your auto insurance. One major NC carrier is non-renewing 44,000 stand-alone homeowners policies beginning May 1, 2010. Other carriers will continue to write stand-alone homeowners insurance, but at a much higher rate than would be charged for a homeowners supported by the auto policy. The “auto-home discount” is not a new idea, but in the past the discount for the companion policy was generally not significant. The new arrangement is different – the current pricing seems to be aimed at either getting the auto or driving off the homeowners.

We have seen pricing on the stand alone homeowners policy be almost double the auto/home pricing.

If it is possible, we recommend moving your home and auto to the same carrier. This will keep your premium lower and give you more security for your homeowners policy. In time, we are sure that all of

this will change and carriers will no longer want auto, they will just want homeowners. When they do, we will still be here to advise you on the best actions to take.

Many insurance companies are requiring both home and auto or they will not write the homeowners policy.



Our Promise To You

We're in the same business today that we were in over seventy years ago: providing personal and commercial insurance and sound insurance advice to the Raleigh/Research Triangle Area.

As independent agents, we represent many companies and choose from among those companies the ones that best suit you.

Business consolidation and impersonal relationships are becoming the industry standard. “In an effort to serve you better,” you are forced to navigate an automated phone menus, dig through an online FAQs and wait in large holding pools just to hear a message telling you why your party can't take your call now. You will find dealing with us to be refreshingly different. We promise to provide prompt, personal attention to your insurance needs.