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Insurance Insights

A NEWSLETTER FOR CLIENTS AND FRIENDS OF MOUNTAIN STATE INSURANCE AGENCY, INC.



Don't Be CLUE-less When It Comes to Insuring Your House or Vehicles

You are about to buy a new home or new car and you believe you have found the perfect one for you. You need to insure your new treasure, but for some reason you can't find a carrier to cover it. Is there any way you can find out why you seem to be uninsurable? The answer is simple, get clued in with CLUE.



Accident Without Injuries Etiquette

Your teenage daughter misjudges the space when she goes around a turning vehicle, and just taps the car's right rear bumper. The other driver, an older woman, appears unhurt. She says, It's Easter time, and I'm fine. Let's just forget about it.

You were riding with your daughter and you think that's a reasonable attitude, and agree. So you all go home to the Peeps and the chocolate eggs and have a nice life.

A few weeks later, however, your insurance company informs you that the woman is suing them and you for lost wages (although she had already been on disability for paranoid schizophrenia) and neck injuries (you've seen her in the shop where you work without a cervical collar) and pain and suffering.

Where did you go wrong? The so-called accident was only a tiny tap

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CLUE, also known as Comprehensive Loss Underwriting Exchange, is a database of consumer claims compiled by a company called ChoicePoint that insurance companies access when they are underwriting or rating a homeowner's or auto insurance policy. An insurer can request a report for a piece of personal property that it is underwriting and receive claims information provided by the insurance companies who previously insured the property. This report also includes details such as the policyholder name, policy number, date of loss, type of loss, amounts paid, and a description of the property covered. The database contains up to 5 years of personal property claims history.

Under the Fair Credit Reporting Act, ChoicePoint can produce a CLUE report when a person or company intends to use the information in connection with the underwriting of a consumer's insurance policy. This includes situations where the consumer asks for an insurance quote or applies for insurance; or when the insurance company or agent requests

the CLUE report.

Why would an insurance company investigate loss history? Actuarial studies have shown a high correlation exists between a consumer's prior loss history and future loss potential. This history, along with other factors, can be considered when a company is deciding whether to issue a policy

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Mountain State Insurance Agency, Inc.
1206 Kanawha Blvd. E
Charleston, WV 25301
Phone: (304) 720-2000
Fax: (304) 720-2002
www.mountainstateinsurance.com

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Why Earthquake Insurance is Important Everywhere

When most people think about earthquakes in the United States, California and Alaska are the two states that come to mind. However, earthquakes can happen in any part of the country. Many people move out of areas that are prone to earthquakes after experiencing one to escape the possibility of a repeat experience. The truth is that there is no place that is completely safe from earthquakes. People must consider and plan for the real possibility of earthquakes. One of the most vital aspects of proper preparedness is having ample insurance coverage.

Earthquake damage isn't covered in the majority of homeowners policies. This is also true for business policies. Both types of policies specify that damage from earth movement is not covered. While actual damage from a quake may not be covered, property insurance may provide coverage for fires and other incidents that occur as a result of it. Policyholders should scour their policies to understand the specific exclusions. If the policy seems difficult to read, it's important to contact an agent with any questions.

Many people think they will not experience a major earthquake during their lifetime. This is especially true for those who live in areas where earthquakes happen every 100 years or less. Although many people may not experience a strong earthquake

“ Many people move out of areas that are prone to earthquakes after experiencing one to escape the possibility of a repeat experience.”

like the recent Virginia incident, there are over 5,000 incidents recorded each year by the USGS. Damage from earthquakes has been recorded in all 50 states in history. There have been reports of damage in 39 states alone since 1900. This proves that while some people may not live in areas that commonly experience earthquakes, they're still not immune to the threat.

Earthquake insurance is available as a rider, which is added to a business or personal property policy. People who have one of these types of coverage should contact their insurer to find out what coverage options are available. Since earthquakes are unpredictable and happen suddenly, it's best to be prepared for all types of

disasters. Earthquake insurance is so important that it cannot be stressed enough. While the majority of people assume all California homeowners have this type of coverage, research indicates that about 12% actually have this type of insurance. The nation's average is less than 12%.

Earthquake insurance costs vary by location, building type and the age of the building. It's much more expensive to insure older buildings. In addition to this, brick structures are more expensive to insure. Buildings with wood frames withstand the force of earthquakes better, so it's cheaper to insure them.

To offer an example, a home with a wood frame in Washington may cost between \$1 and \$3 per \$1,000 of coverage. The same home may be less than \$.50 per \$1,000 insured on the East Coast. However, a brick home may cost between \$3 and \$15 per \$1,000 in the Pacific Northwest. In most East Coast locations, the same home may only be between \$.60 and \$.90 per \$1,000.

Every earthquake policy also has a deductible. This means that homeowners must pay upfront for a portion of the damages before the insurer pays the remaining amount. The deductible may be up to 20% of the structure's replacement value. The percentage depends on the insurer and the location of the structure.

There are also options for renters. There are coverage policies that protect personal property. In addition to this, they usually cover living expenses if the building becomes uninhabitable after an earthquake. It's important for renters to keep a list of belongings and their values. Major appliances, furniture, electronics and other expensive items must all be documented properly. A new way of creating a record of belongings is making a narrated video tour of the home and focusing on belongings. It is best to contact your insurance agent to secure the earthquake coverage that is right for your individual needs.





that barely scratched paint. There couldn't have been an injury, as your terrified daughter tells your insurance company's attorney prior to trial.

Prior to trial! Holy cow.

No one can guarantee what might happen when bumpers kiss. But there are steps you can take to avoid fender-benders becoming the event of the decade.

Your first thought might be to call the police. But in some jurisdictions, the police will not respond unless there are injuries. In many states, an accident without injuries and less than \$500 damage means you don't need to call the police to the scene; you can file a report later. Know the laws in your state. Then, by taking the steps below even without the police present you can protect yourself from false claims and help your insurance company reach the best decisions:

First, follow the law. Virtually every jurisdiction requires drivers to carry their license, registration and insurance information. Be sure it is with all family drivers at all times.

Second, take pictures. Keep a disposable camera in the glove compartment and, in the event of a fender bender, use it. Photos can later help show whether any repair estimates were inflated, or whether the force of contact was likely to cause injuries that might later be claimed by the other driver or passengers.

Also, take pictures of all the occupants of the other car, preferably while they

“Even if it was a bona fide accident, let the experts determine blame or no blame when they work out the insurance compensation”

are still in the car or at least while they are all still at the scene. Why? There's a fraud scheme called jump ins. In an attempt to get a bigger settlement, people known to the claimant come forward and say they were also in the car and also suffered injuries.

Take pictures of the site of the accident. Having photos of the cars on location can help you make your own case to the claims adjuster. Write down the specifics of the location as well, for example: The NW approach to the intersection of Locust Lane and Route 26, about 2 car-lengths before the speed limit sign.

Third, if there are witnesses, get their names and addresses. Some may be reluctant; be persistent within reason.

Fourth, exchange information with the other driver. This information includes name, address, phone number, driver's license number, name of the other driver's insurance company, policy number, and license

and what premium to charge. It is legal for a company to investigate a prior owner's loss history in determining your eligibility for coverage.

As a consumer, you are not without rights when it comes to CLUE. Under the Fair Credit Reporting Act, you have a right to see and correct information on your claims history reports. If you have been denied insurance or charged a higher premium, contact ChoicePoint or ISO within 60 days of your denial to request a free report. Otherwise, you will be charged a small fee for your claims history report. You can find more information by logging on to ChoicePoint's website at http://www.choicepoint.com/industry/insurance/pc_ins_up_2.html

plate number. If the driver is not the person named on the insurance card, find out and write down what the relationship is between the driver and that person; family, friend, employee. Write down the policyholder's name, address and phone information, as well. Finally, write down a complete description of the other car, including year, make, model and color.

Fifth, keep your mouth shut. Under no circumstances tell the other driver, It was all my fault, even if you think it was. Remember, there are people who stage accidents for the payoff, and you could have been positioned so that there was nothing else you could do. Even if it was a bona fide accident, let the experts determine blame or no blame when they work out the insurance compensation. Some of us feel so badly about any incident, especially if the other driver appears to have come unglued, that we are likely to accept blame when none is due.

OK. Now you can go home and have a nice life and drive even more carefully in the future to avoid the possibility of having to perform this tricky and sometimes frightening scene again.

Practice Safe Winter Driving Techniques

In case you haven't noticed, winter has arrived and with it comes ice, snow, slippery roads, and poor visibility. Winter driving is necessary and nothing can be done to avoid it.

While the best advice is to not drive at all, that's not an option for most of us. If you must drive, here are some simple precautions you can take to minimize the risk of accidents and injuries:

- Decrease your speed and leave yourself plenty of room to stop. You should allow at least three times more space than usual between you and the car in front of you.
- Brake gently to avoid skidding. If your wheels start to lock up, ease off the brake.
- Turn on your lights to increase your visibility to other motorists.
- Keep your lights and windshield clean.
- Use low gears to keep traction, especially on hills.
- Don't use cruise control or overdrive on icy roads.
- Be especially careful on bridges,

overpasses and infrequently traveled roads, which will freeze first. Even at temperatures above freezing, if the conditions are wet, you might encounter ice in shady areas or on exposed roadways like bridges.

- Don't pass snow plows and sanding trucks. The drivers have limited visibility, and you're likely to find the road in front of them worse than the road behind.
- Don't assume your vehicle can handle all conditions. Even four-wheel and front-wheel drive vehicles can encounter trouble on winter roads.

If you should lose traction:

- Take your foot off the accelerator.
- Steer in the direction you want the front wheels to go. If your rear wheels are sliding left, steer left. If they're sliding right, steer right.
- If your rear wheels start sliding the other way as you recover, ease the steering wheel toward that side. • You might have to steer left and right a few times to get your vehicle completely under control.

- If you have standard brakes, pump them gently.
- If you have anti-lock brakes (ABS), do not pump the brakes. Apply steady pressure to the brakes. You will feel the brakes pulse — this is normal.

If you should get stuck:

- Do not spin your wheels. This will only dig you in deeper.
- Turn your wheels from side to side a few times to push snow out of the way.
- Use a light touch on the gas, to ease your car out.
- Use a shovel to clear snow away from the wheels and the underside of the car.
- Pour sand, kitty litter, gravel or salt in the path of the wheels, to help get traction.
- Try rocking the vehicle by shifting from forward to reverse, and back again. Each time you're in gear, give a light touch on the gas until the vehicle gets going.



Mountain State Insurance Agency, Inc.
1206 Kanawha Blvd. E Charleston , WV 25301
(304)720-2000
Mhornsby@mountainstateinsurance.com