



NEWSBLAST

Homeowner's Insurance

Is Your Coverage Keeping Up with Rising Costs?

THE COST of buying and installing home building supplies is going through the roof, and it may leave you without enough insurance to rebuild should disaster strike.

Lumber and other construction material prices have skyrocketed, and so has the cost of labor as the building industry struggles with a manpower shortfall. These issues are adding significantly to the cost of repairing and rebuilding homes, so much so that some homeowner's policy limits may not be enough to pay for it all.

Sawmills slowed production in 2020 in response to the COVID-19 pandemic and stuck-at-home homeowners went on remodeling sprees. The result: Between late October 2020 and early May 2021, lumber prices more than tripled. They've dropped from their peak, but they remain more than 50% above the previous levels.

Labor costs for home construction and repairs are also increasing and contractors who build or remodel homes are in high demand.

The effect on your coverage

Even if you are not building or remodeling a home, these cost increases can be a problem for you.

Every homeowner's insurance policy shows a dollar amount (known as a "limit of insurance"), which is the most the company will pay for loss of or damage to the home. (This limit is typically designated as the limit for "Coverage A - Dwelling" on the policy's information page.)

This limit is based on the estimated cost of rebuilding or replacing the home should it be destroyed. But, an estimate made even a year ago may be insufficient to cover the new material and labor costs.

You may have insured your home for \$600,000 in 2019, but today it may cost \$700,000 or more to rebuild. Your insurer is obligated to pay only \$300,000, which would leave you to come up with the rest.

You may not be able to borrow that much on top of your mortgage. You may also have a deductible you'll have to foot the bill for as well.

What you can do

If you're concerned, contact us. We can review your policy to see if your current coverage is sufficient.

While you're at it, this is a good time to ask us questions about your insurance:

- Does it provide coverage for rebuilding or replacing the home, or only for its cash value?
- Does it cover you for the increased cost of meeting new building codes?
- Does it fully cover you if you're operating a business from your home or a detached garage?

It is important to get the answers before a loss occurs.

If you remodel or add on to the home, it is essential that you notify us or your insurance company. Your limit of insurance is based on the way your home was, but the home is no longer the same. Your carrier needs to know about changes before it can properly insure you.

There is not much you can do about rising construction costs. However, you can take proactive steps to make sure your insurance will protect you the way you need. ❖



WATCH OUT: *Lumber prices and labor costs have skyrocketed and are affecting the price of home repairs.*



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Cyber Security

Protecting Your Connected Car against Hacking

IMAGINE THAT you're cruising along a busy highway and suddenly find your car is taken over by an outside force. First it's just the radio, the wipers and the air conditioning behaving chaotically. Then, as you are coming up on a corner at high speed, the transmission shuts down.

While this sounds like the start of an alien abduction, this actually happened to the *Wired* journalist Andy Greenberg recently when he agreed to let two hackers set upon the internet-connected Jeep he was driving.

The hackers, Charlie Miller and Chris Valasek, have been conducting government-funded research into the security of smart auto systems to show just how vulnerable our cars become to hacking as more vehicles are connected to the Net.

They were able to take control of the Jeep from 10 miles away. Nearly half a million cars on the road today are vulnerable to such attacks, they estimate.

The big question: what should you do about it? The website *Gearbrain.com* has the following tips:

- If your car seems to be operating with a mind of its own – windows roll up or down, electronics act on their own, or someone else seems to be steering – turn the car off immediately. Call AAA or another service group to have them tow the car back to the dealer, experts say. Do not drive your car to the dealer on your own.
- Keep up to date with firmware upgrades and download when

they're needed. Owners of vulnerable vehicles should go to the site www.driveuconnect.com where they also will find a handy instructional video. Your dealer can do that, too.

- Disable unused services. If you don't use Bluetooth connectivity with your cell phone, deactivate that feature in the vehicle if possible. While it's fun to be able to link your smart-phone to your car, hackers can use that gateway as well.
- Learn what features the vehicle uses networking for – and make sure these gateways are secured.
- On-car Wi-Fi hotspots are a potential issue. So if you're going to use one, or install one, make sure you've covered all the details on securing the area with strong passwords.
- All you need is physical access to the on-board diagnostic port to reprogram the car's computer and upload a virus – one that could take control of your car. So only use a trusted mechanic and be very wary of valets.
- Beware of after-market devices like radar detectors or smart driving-assist devices. They may not be held to the same standard as those from the original automaker.
- Don't waste time looking for plug and play antivirus products for your car. There just aren't any yet on the consumer side. For now, you'll need to rely on the carmaker for these.

The best products are available to manufacturers to allow them to immunize their code against change and to prevent data being hacked or reconfigured. ❖

Landlord's Insurance

How to Reduce Risks When Renting Out Property

IF YOU are renting out a property, you already have a lot on your mind: not least, ensuring the home is occupied by good tenants and that they pay the rent on time.

But you also need to protect that investment with landlord's – or rental property – insurance. If you are renting out a property and have it covered with a simple homeowner's policy, it would make it difficult to collect on a potential claims payout.

Landlord's insurance protects your property from damages and you from losing income should covered damages make your property unlivable. But you can also mitigate your risks with a few simple steps.

Select tenants fairly

You want to select good tenants, but you have to be careful so that you don't land yourself in legal hot water in doing so. You should bone up on the tenant discrimination laws in California to make sure you understand what constitutes discrimination.

At the federal level there are two main laws – the Fair Housing Act of 1968 and the Fair Housing Amendments Act of 1988 – which prohibit discrimination against tenants based on race, religion, national origin, familial status, age, disability or gender.

Lawsuits can be expensive. Fortunately, there is tenant discrimination insurance, which pays defense costs and damages.

Kitchen fires

Cooking accidents will often start with an unattended frying pan catching fire. While your landlord's insurance will pay for damages that result from a cooking fire, there are steps you can take to reduce the chances of a fire starting in the first place.

You can buy a stovetop fire extinguisher, which is mounted above the stove. If a fire erupts and is high enough to reach the hood, the device will release extinguishing powder on the flames.

These devices are relatively cheap and insurance companies will often offer premium discounts for having them installed.

At the very least, you should have a fire extinguisher in the kitchen, preferably within reach of the stove.

Check your wiring

If you have an older property, you need to make sure that the wiring is safe. Builders started using aluminum wiring in homes in the 1960s and 70s in response to spiking costs of copper, which had traditionally been used in buildings up until that point.

Many builders switched to aluminum wiring, but the wires still connected to copper terminals, creating a potential fire hazard. Your insurer will want you to upgrade the wiring, or you could be looking at much higher premiums.

Rewiring the home can be expensive, but most insurers will allow you to install switches and converters that create a safer connection between aluminum wires and copper terminals.

Some insurers will consider covering a building without updated wiring, but that also comes at a price. You'll likely see premiums that are significantly higher than under policies from the same company for buildings with remediated wiring. ❖

Rental Property Coverage

By securing landlord's insurance, you will cover:

- Your residential rental property; single-family, duplex, triplex and quad.
- Other structures on the property such as sheds, garages, etc.
- Items on the premises you own such as microwaves, washers and dryers being used by your tenants – even tools you keep handy for repairs.

Tailor Your Policy

You can often tailor a policy to your needs to also include:

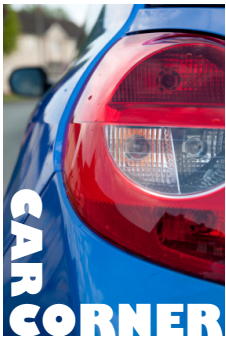
Liability: If a claim is made against you for accidental damage in relation to your investment property, the insurer will defend the claim, and pay for the part for which you are legally responsible.

Fair rental value coverage: If your property is deemed unlivable due to a covered loss, the insurer will reimburse you for the income you'll lose because your tenants will no longer be paying you rent.

Inflation protection: The cost of making repairs is increasing every day. You can often buy an inflation protection rider that will adjust policy limits with inflation.



Check Insurance Rates Before You Buy a Car



AT SOME point you're going to be in the market for your next car, be it used or new. If you've narrowed your search down to the type of vehicle you'd like to own, you should check insurance rates before you buy.

Often we will get calls from people who bought a new vehicle and gave no thought to the insurance rates and who were shocked to learn that, in some cases, their monthly premiums were more than their monthly car payments.

That smarts and could have been avoided if they had checked first. The main factors that influence your insurance rates are:

- Your driving record
- Your insurance claims history
- Your zip code
- The cost of repairs to your car
- The cost of injuries to people injured in that car

The last two items are affected by the type of car you choose. A more expensive car will typically cost more to repair, hence the higher premiums.

And cars with poor safety ratings will also cost more to insure.

One of your first steps when researching a new car should be to the Insurance Institute for Highway Safety for a review of your vehicle.

If your car has poor ratings in any category, realize that there is potential for this to negatively impact your insurance rate. Their website is: www.iihs.org

After that, you should call us and we'll be glad to obtain some quotes for your new purchase so you won't be surprised by insurance sticker shock.

Keeping your premium in check

Once you do have your car, take these steps to ensure that your premium doesn't escalate substantially later:

- Being smart about filing insurance claims. Do you have some minor damage to your car? Consider paying for the cost of the repair before you file an insurance claim if the cost of the repair is close to or just slightly higher than your deductible.
- If you have been involved in an accident and there are injuries, file a claim without hesitation. This is a scenario where you should involve your insurance carrier immediately to help protect yourself, particularly if you believe the other driver was at fault.
- Have you been pulled over and ticketed for speeding? You can often avoid having it show up on your record if you pay the fine and take a special safe-driving course offered through providers that contract with your state Department of Motor Vehicles. The cost of the defensive-driving class is far less than the increased cost to your insurance rate. ❖



Summer's Here: Watch Out for Motorcycles

THE START of summer is a good time to remind yourself to be more aware of motorcycles, as more of them hit the roads to take advantage of the sunny weather.

Every year, more than 5,000 motorcyclists are killed while on the roads, according to the Insurance Information Institute. Motorcycles are easy to miss when you are changing lanes and as they can be almost invisible in your vehicle's blind spot.

Here are some things all motorists should brush up on and use while driving, every day:

- Allow more distance when driving behind a motorcycle. Motorcycles may have to slam on the brakes to avoid a situation in front of them which could cause you to hit them from behind. Rear-ending a motorcycle, or just tapping it, can injure or even kill the rider. In California, if a motorist drives too close and rear-ends the vehicle in front, it is the fault of the one who is following too close.

Try this instead: Think of it as you protecting the person on the motorcycle with that space.

- Look for motorcycles at intersections and check your mirrors and look over your shoulder before making lane changes. Allow extra time and an all-around look for a motorcycle, in particular when turning left.
- Also, it's legal for motorcycles to drive between lanes in California, even on the freeway. So be extra careful when changing lanes.

If you are a motorcyclist, make yourself more visible to motorists by staying out of blind spots.

Be mindful too that some motorists may be distracted by their mobile phones, so give wide berth to other vehicles at all times. ❖

