



## Growing Risk

# Most E-Bike Owners Uninsured for Damage They Cause

**E**-BIKES HAVE quickly grown in popularity as people look for new ways to enjoy the outdoors, tool around town or commute.

The bikes are great as you can pedal them to move forward and if you need an assist up a hill, they can power you up the incline with ease. You decide how much you want to pedal and how much electric power to use. They are not electric motorcycles, since you have the option to pedal, and they don't go as fast as a motorbike.

But, along with the convenience of less pedaling and faster speeds, comes a greater risk of an e-bike rider injuring themselves or a pedestrian, or damaging a third party's property.

## Dangers of Electric Bikes

- They're able to reach speeds of 28 miles an hour and if you're in a busy area with lots of activity, you have a greater chance of being in an accident.
- Riders are three times more likely to collide with a pedestrian compared to riders of e-scooters or traditional bicycles.
- Due to their higher speed and weight, collisions, injuries and damage are often greater than crashes involving traditional bikes.
- No airbags.
- Greater exposure to injuries for the rider.

## Insurance complications

While there are currently no state laws requiring e-bike owners to be insured, if you are cruising in an urban or suburban environment around other people and near storefronts, you may want to consider securing insurance.

Without insurance, if you injure someone (or worse) with your e-bike and/or damage a third party's property, you may have to pay out of pocket.

One law firm wrote in a blog that \$50,000 to \$100,000 settlements related to e-bike injuries are common.

The liability portion of your auto policy won't cover damage or injuries you cause with an e-bike, and most homeowner's and renter's insurance policies exclude coverage for a "self-propelled motor or amphibious vehicle." It's the same for ATVs, snowmobiles, boats, personal watercraft and golf carts. Just like those vehicles, you need a separate policy for your e-bike.

*See 'Covers' on page 2*



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## Overlooked Coverage

# Renter's Insurance Vital for Your College Student

**I**F YOU have a kid who has gone off to college, you're probably like most parents and have spent thousands of dollars on a new laptop and other purchases.

And thanks to inflation, technology purchases are expected to jump 22% this year from 2021, according to the "2022 Deloitte Back to College Survey." The cost of everything – scooters, bikes, TVs, furniture, bedding – is all going up, which means it also costs more to replace anything that's stolen or damaged.

With all that new stuff in your child's dorm room or apartment rental, you'll want to make sure it's protected against theft and damage from severe weather, fire or if one of their friends sits on the laptop or knocks it off a table.

Your homeowner's insurance may sometimes cover your child's property if they are living in an on-campus residence. That coverage is limited to 10% of your policy's coverage, which would likely be enough if they have to file a claim. But if they file a few claims, it could adversely affect your homeowner's premium later.

Also, some homeowner's policies don't include a student's residence, so it's best to confirm coverage.

The best way to ensure that new property is protected is by securing a renter's insurance policy.

### What it covers

This affordable coverage can protect all of their belongings that will be replaced if any of them are damaged or stolen.

Theft is covered even if it's stolen away from the home, like if someone breaks into your kid's car or steals their backpack.

Coverage specifics will vary among insurers. It's important to ensure the policy's maximum benefit would cover all of your college student's things.

For best results, choose a policy that pays the replacement cost for damaged or stolen property instead of the cash value (which is depreciated over time). Look for any exclusions in coverage as well.

If you need assistance deciphering your policy, please give us a call.

A renter's policy will cover one of the most common events, water damage from a building sprinkler system that is set off (either accidentally or to extinguish a fire) or from rain entering through a hole in the roof.

The coverage also includes a liability component that would cover the

costs of a guest being injured while visiting your child. The liability portion may cover the cost of litigation and/or any awards or settlements.

### Coverage Costs Explained

	Premium	Deductible	Cost no claim	Cost with \$1,000 claim
<b>Policy A</b>	\$290	\$250	\$290	\$540
<b>Policy B</b>	\$250	\$500	\$250	\$500

### Costs

Renter's insurance is reasonable, with premiums typically ranging from \$15 to \$30 a month for off-campus housing (apartments and houses) depending on where you live.

The deductible – typically either \$250 or \$500 per claim – will also affect the cost of coverage. The lower the deductible, the higher the premium.

One thing to note: If your child has high-value possessions like musical equipment or high-end computer gear, you may need a renter's policy endorsement that has higher limits for those items.

If they also a vehicle, you can bundle their auto insurance with their renter's insurance for further premium discounts. ❖



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## E-Bike Insurance Also Covers the Bike Itself

We can help you look at your policies and see if e-bike liability is covered. If it's not, you would be wise to consider your insurance options.

Besides covering any damage you may cause with your e-bike, another good reason to secure specific e-bike insurance is that the policy covers your bike itself. The average e-bike costs \$3,000. On the high end, you can easily drop \$12,000 on one.

While there is no standard stand-alone policy for e-bikes, there are a few policies on the market and most of them focus on damage to the e-bike and not liability. Some policies include liability, but others offer it for an additional premium.

The typical policy will cover:

- Theft or damage to the e-bike.
- E-bike rental reimbursement.
- Medical payments for rider injuries.
- Replacement of spare parts.

One option is to find an umbrella policy or excess coverage with an insurer willing to cover e-bike liability.

Feel free to call us to discuss your options. You may want to seek out coverage especially if you ride your e-bike in busy areas. ❖

## Cost Trend

# Auto Insurance Rate Hikes Show No Signs of Slowing

**A** NUMBER OF factors including surging inflation are converging to drive up the cost of auto insurance.

Nationally, car insurance rates are increasing by an average of 4.9%, according to approved rate filing data from S&P Global Market Intelligence. And the website *insurify.com* predicts rates will increase on average 12% next year.

The latest rate increases are in part due to a larger trend of climbing claims costs over the past decade and fallout from the COVID-19 pandemic. Here's a look at what's driving rate hikes:

**More accidents** – When more people returned to the office and kids returned to school, driving picked up in 2021 and 2022. Accidents surged. There was a 7% increase in fatal crashes in the first quarter of 2022, compared to the same period the year prior, according to the National Highway Traffic Safety Administration.

Additionally, distracted driving due to smartphone use has been on the increase over the past decade, resulting in fatal car accidents increasing 30% during the period, according to the NHTSA.

**Cost of repairs** – The cost of repairs has been climbing over the past decade as carmakers have incorporated more and more technology into their vehicles. But the COVID-19 pandemic spawned supply chain issues that have resulted in a shortage of replacement parts, and higher prices for those parts.

Due to supply chain issues snarling vehicle production worldwide, the cost of both new and used cars has also pushed prices higher. The price for new cars and trucks rose by 11% between June 2021 and June 2022, while the used car and truck market saw a 7% increase.

**Cost of medical care** – The cost of health care is also a major factor in car insurance rates since coverage pays for injuries caused to third parties. The Centers for Medicare & Medicaid Services reports that health care spending increased 4.2% in 2021 and 9.7% in 2020.

This means that when someone is injured in a car accident, the resulting medical costs are greater than what they were in previous years.

## What about me?

Your individual premium is based on your personal rating factors, so if you're considered a good driver and live in an area with fewer accidents, you may see a lower rate increase than others.

But if you are facing an increase, there are a few steps you can take:

**Revisit your current policy** – Read your policy to understand the various coverages you have, deductibles, the limits for liability and damage, and any discounts you may be getting.

One way to reduce your premium is to increase the deductible. But understand that whatever the deductible is, that's what you'll have to pay out of pocket if you are found at fault in an accident.

You may also find that you have purchased coverages that you may not need, such as a towing package. If you are already paying for a AAA membership and you have a towing package, you may want to eliminate the latter to reduce your premium.

**Look into discounts** – Many insurers offer good-driver discounts, discounts for the kind of car you drive (minivan drivers have lower rates, for example) and discounts to good students.

Also, many people are driving less than they used to, especially those who are now working from home. Check with your insurer about a possible discount for driving less.

**Bundling** – If you have your homeowner's insurance with one company and your auto insurance with another, you may consider placing them both with the same carrier. Most insurers offer discounts for customers who bundle their coverages with them, potentially earning you discounts on all of the bundled policies.

**Switch carriers** – If you want to explore other options, give us a call and we can solicit quotes from a number of other insurance companies that may have lower pricing.❖

### More Accidents

The first quarter of 2022 was the deadliest on record in the US in 20 years.\*

### Costlier Repairs

Vehicle parts and equipment are up nearly 15% in the last year.\*\*

### Medical Costs Rising

The average cost to treat a patient in a hospital increased 7% in 2021 from the year prior.\*\*\*

\* Source: National Highway Transportation Safety Administration

\*\* Source: Department of Labor

\*\*\* Source: PricewaterhouseCoopers' Health Research Institute



## Flight Risk

# Have a New Drone? Understand the Liability Risks

**M**ORE AND more American homes include a new addition: a drone. While these gadgets can be loads of fun to fly, they also come with responsibility and risk of property damage and bodily injury.

And as people start flying drones, there will be accidents and injuries followed by claims and even lawsuits.

If you are like most people, you were not thinking about insurance when you purchased a drone for you kid. But you'll want to make sure you are properly covered for any accidents, particularly if the victim is a third party.

The liability protection in homeowner's or renter's insurance policies will sometimes cover damage or injury from a drone crashing into a neighbor's house, vehicle or child. Yet this coverage isn't universal and some policies specifically carry an aviation exclusion that encompasses recreational drones, which the Federal Aviation Administration currently classifies as small aircraft.

While your homeowner's policy would likely cover damage if your drone crashes into a neighbor's car, your policy would not cover damage to your own property.

Insurers view drone mishaps as akin to having your mastiff destroying your neighbor's shrubbery, but not your own. In other words, they'd cover the damage to your neighbor but not to your own stuff.

If you are uncertain about your policy covering drone liability, please call us and we can check it for you.

In the likely case that it won't be covered, ask us how you can secure liability insurance that will cover your down.

## Other issues

Liability coverage for physical damage isn't the only kind of coverage you might need.

Insurance lawyers foresee a rise in invasion of privacy claims, which falls under personal injury. If your drone accidentally captures images of a neighbor, and that neighbor feels you have violated his or her privacy, you could be sued.

An umbrella policy or the personal injury section of homeowner's insurance could protect you in this case.

But if the invasion of privacy was intentional, like posting photos of your neighbor in a compromising position online, the insurer would not cover the claim.

## You may need to register your drone

Beyond insurers, regulators also are preparing for how to manage increased drone flying. Owners of small drones weighing half a pound to 55 pounds, must register the machines with the Federal Aviation Administration. ❖

## Drone Registration Rules

- Registration is mandatory.
- You must register before your first flight.
- Users must be at least 13 years old to register online.
- The registration fee is \$5, which is good for three years.
- Currently you can only register on the FAA website: [www.faa.gov/uas/registration/](http://www.faa.gov/uas/registration/)
- This registration process only applies to hobby and recreational use. Business use rules are still forthcoming.

