



Auto, Homeowner's Liability Coverage

New Colorado Law Drives Insurance Costs

INSURANCE PREMIUMS are rising in Colorado thanks to a new law that significantly raised the cap on damages third parties can receive if suing you for pain and suffering after an injury.

The law, which took effect Jan. 1, raised the cap for non-economic claims like pain and suffering as a result of an injury you are at fault for by 500%. This has affected the cost of auto, homeowner's and umbrellas insurance as insurers anticipate a wave of new lawsuits and higher court judgments.

New caps on damages

- Cap on non-economic losses like pain and suffering increase from \$250,000 to \$1.5 million – up 500%.
- Wrongful death liability cap jumps 200% from \$679,990 to \$2.125 million.
- The above caps will be adjusted every two years to account for inflation.

Why this should concern you

While your first instinct in reaction to higher premiums may be to drop your umbrella coverage or reduce your auto or homeowner's liability limits, that could be a financially devastating mistake if you are eventually sued.

Any claim above your auto or homeowner's policy limits would be paid by you out of pocket. If you have assets like multiple homes or you own a business, the stakes are even higher.

If you are like most people, you carry between \$100,000 and \$300,000 worth of liability coverage on your auto or homeowner's policy. That's designed to cover the costs of medical bills and compensate them for lost wages if they were unable to work.

However, if you are sued and the jury awards punitive damages for pain and suffering, or if someone is severely injured or dies, those low liability limits would not cover the costs.

Also, in recent years, juries in states that don't cap awards for pain and suffering have been awarding larger and larger punitive damages. There's also been an explosion in "nuclear" verdicts, which are more than \$10 million.

While the maximum amounts in Colorado are still capped, they increase the potential for higher claims costs. Insurers have responded by raising the cost of insurance.

The takeaway

With this new law in effect, you may want to revisit the liability portion of your auto and homeowner's insurance policies to account for the added risk that you could face if sued. Additionally, consider purchasing an umbrella policy, particularly if you have assets that you could be forced to liquidate if you are hit with a large jury verdict that exceeds your policy limits. ❖



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Should You Opt for Rental Car Insurance?

IF YOU'RE like most people, it's always in the back of your mind when you decline the car insurance when renting a vehicle when away on vacation or business.

If you've ever opted for full supplemental coverage, you've likely noticed that the cost of your rental skyrockets by more than 50% in many cases.

But if you already have insurance for your personal vehicle, you likely don't need it.

There are two reasons you may want to forgo agreeing to purchase insurance at the rental counter.

1. Your existing insurance

Your existing insurance policy for your personal car or truck will usually cover you for a variety of risks:

- **Liability** – The liability coverage you have on your personal car or truck will extend to damage to other cars or property caused while driving a rental car.
- **Collision** – If you have collision coverage as part of your regular policy, it may cover accident-related damage to the rental vehicle as well.
- **Comprehensive** – If you have comprehensive coverage on your personal vehicle, it can even cover vandalism or theft of your rental car.

Coverage varies from policy to policy so check with us or call your insurer before you decide whether you should opt for the additional coverage.

2. Your credit card

Some credit cards – particularly gold or platinum cards – include rental car insurance. This applies only if you use the same card to pay for your rental car. Terms and conditions vary, but generally:

- Cards offer primary coverage that won't require you to make a claim under your regular insurance policy.
- Cards offer secondary coverage that will help you out with the deductible and other costs.
- Typically, you must decline the supplemental insurance offered by the car rental company in order to obtain the credit card company's insurance coverage.

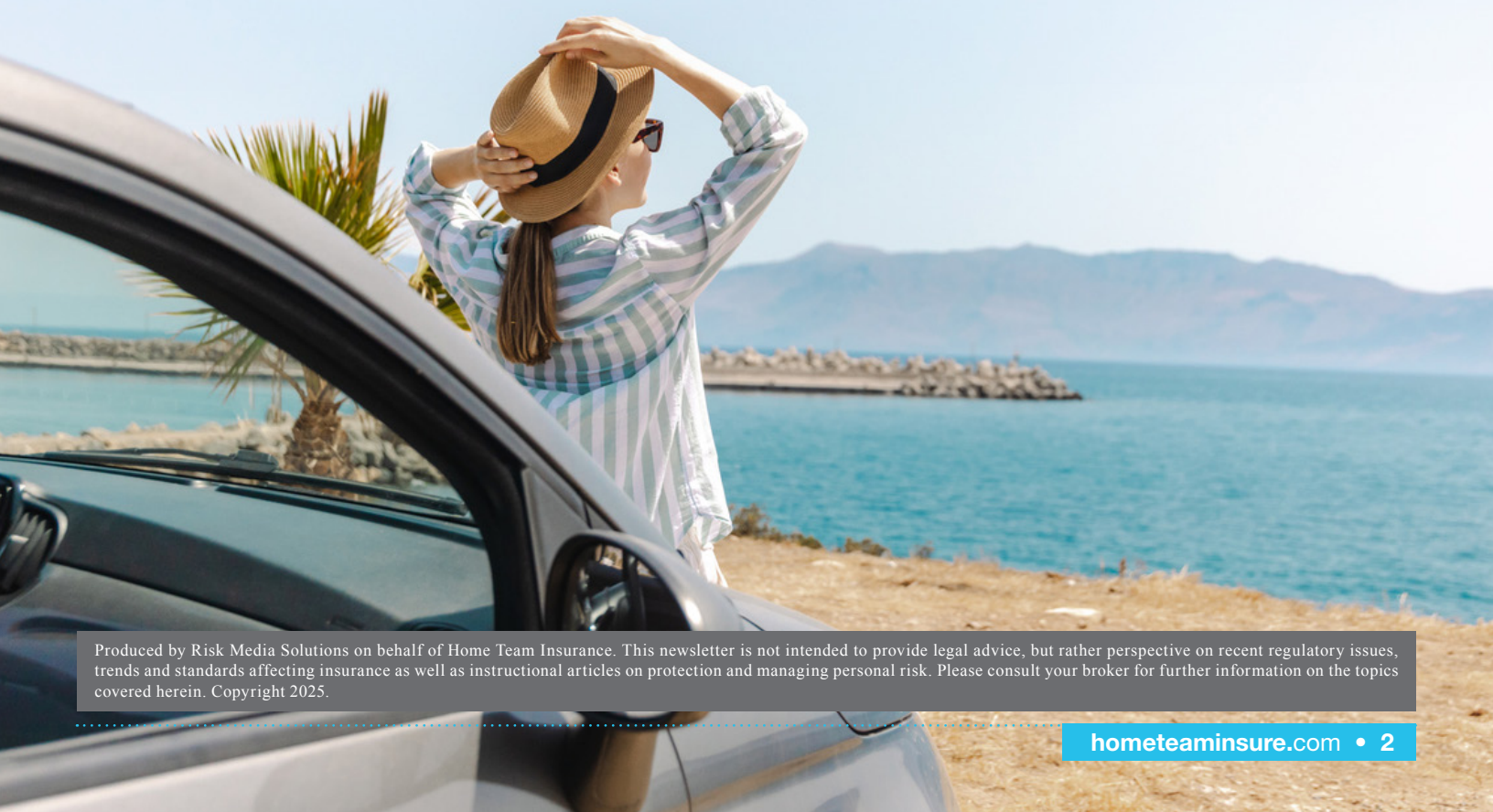
Read up on this in the terms and conditions of your credit card so that you understand exactly what the card covers in terms of rental car insurance. For example, you may not be able to rent certain types of vehicles, or it may not cover certain damage, like driving on a dirt road.

Card issuers frequently cap rental periods as well. Make sure you know what your credit card company offers before you rent a vehicle.

But wait...

If your personal insurance policy does not include comprehensive or collision coverage, you may want to purchase liability coverage from the rental company. It may also be wise if you already have a high deductible on your personal auto's insurance policy.

Also, if you're renting a car on a business trip or intend to drive it into another country (other than Canada), you will likely need additional insurance coverage. If you have questions, feel free to contact us. ❖



As Home Value Rises, So Does Coverage Complexity



THE MORE your home is worth, the trickier it is to make sure that it and all of its contents are covered properly and that you are not paying too much for your premium.

First, a typical homeowner's insurance policy may not be suitable. If you have a high-value estate with expensive furnishings, décor and collectibles, you will likely need specialized insurance to cover your property and assets for damage or loss.

Also, you may sometimes need multiple policies to make sure that all facets of the home – structure and contents – are insured to a level that you are comfortable with.

What's a high-value home?

Most insurance companies will consider an estate worth more than \$750,000 a candidate for high-value home insurance. For others, it's \$1 million or more.

What's considered high-value will vary depending on the insurance company and the region in which you live. It pays to work with us to find the right policy choices for your home.

The coverage

High-value home coverage essentially goes beyond what a typical homeowner's policy will cover.

These policies include broader coverage and higher limits than normal homeowner's insurance.

They are designed for homes that are worth millions of dollars and typically contain state-of-the-art media equipment and technology, costly appointments and furnishings, extensive collections of art and many other items of great value.

Coverage options

High-value home insurance companies will often work with you to tailor your policy to your needs. With this bespoke approach, you can add certain coverages that would not normally be available on a typical homeowner's policy, such as:

- **Guaranteed full replacement cost** – Most standard homeowner's policies don't guarantee full repair or replacement in the event of a major loss. High-value

home insurance typically covers these costs. If after a total loss the insured doesn't want to rebuild the home, a standard policy would not pay out. But many high-value home policies give the equivalent of the replacement cost in cash.

- **Excess liability and umbrella liability coverage** – If you are a high-net-worth individual and find yourself involved in an accident that results in an injury to a third party, you could be in for an expensive lawsuit. Having excess liability insurance will provide full coverage for lawsuits, including hiring the best possible attorneys and paying any settlements or restitution that a court may order.
- **Flood insurance** – Traditional homeowner's insurance policies do not provide coverage for flood damage. For the most part, homeowners have to buy this coverage from the National Flood Insurance Program. But a high-value homeowner's policy will often include flood insurance, as well as coverage for sewer backups.
- **Living expenses coverage** – Most high-value home policies provide generous, if not essentially unlimited, coverage for living expenses.
- **Coverage for vacation homes** – Many insurers will allow you to include coverage for other structures, including pool houses and vacation homes. By combining this coverage into one policy, you can save money while maintaining the full coverage you need.

Keeping your policy up to date

It is expensive to cover theft or loss in a high-value home.

Being in a gated community and/or having a security system in place at your home can significantly reduce risks, and insurance companies may discount your premium based on this. Keep them up to date on any such changes.

When you make any upgrades to your home, you may want to update your policy by having a new insurance appraisal.

You should also keep track of all your new purchases in terms of furnishings and technology. ❖



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Keep Your Home and Identity Safe While Shopping

DID YOU know that home break-ins increase dramatically during the holiday season? Thieves expect people to be shopping for new toys and electronics and stashing them in the house.

Not only that, but cyber criminals also up their game during December, increasing your risk of identity or credit card theft.

While you might be planning your next big score on a great sale, burglars are looking for ways to break in while you are away and distracted from the home.

Similarly, online thieves are out in full force ready to capitalize on the millions of online shoppers who are submitting their private credit card information.

Whether you do your shopping online or in the stores, it's important to remember these basic Christmas safety tips to protect yourself against holiday season theft.

Lock everything – Many burglars get into homes just because a door or window was left open or unlocked.

Secure valuables – Never leave anything of value out in plain sight. Consider placing any jewelry, extra cash or other valuables in a safe deposit box or even a secure hidden safe within the house. Remember, one of the first places burglars look is the master bedroom.

Leave the light on – The more it looks like someone is home, the less likely that someone will try to break into your home. If you're going to be gone for more than a day, buy a timer for your lights so they come on at various times during the evening and turn off in the morning.

Activate your alarm system – Don't forget to arm your security system – this simple step will go a long way to protecting your home.

Online shopping tips

About 7% of all American adults have had their personal identities stolen or otherwise misused. Here are some tips to avoid that happening to you:

- Invest in identity protection software. There are many identity theft protection services available that range in their coverage of protection of your personal information.
- Install anti-malware software on your PC.
- Use a credit card instead of a debit card. You can often dispute charges you didn't make on a credit card and you won't be liable for them. But if someone gets your debit card information, they can drain your bank account.
- Before you purchase anything from a website, verify that the vendor has encrypted its payment form, such as a secure socket layer (or SSL, as it's known). ❖

