



## Coverage Question

# Adult Children and Your Liability

**I**F YOU HAVE an adult child whom you are still paying some expenses for, or they are studying in college — living either away from you or at home — you could still be held liable for any damage they cause through their own negligence.

They may even have their own car insurance, in their own name, but if your child ends up injuring someone severely and is sued and the policy limits on their car insurance are not enough to cover the judgment, you could still be held liable for damages that the policy didn't cover, depending on the circumstances.

And your car insurance or homeowner's insurance won't cover it, meaning you'd have to pay out of pocket if your child cannot.

That said, aside from car accidents, your adult child's negligent and/or intentional acts that damage someone else's property or injure a third party may be covered under your homeowner's policy and an umbrella policy.

For the purposes of this article, we are talking about mostly an adult child under the age of 25 living at home or away at college.

## Key factors that may trigger coverage

- Parents' continued financial support of the child, and/or
- The adult child lives under their roof.



## The car insurance issue

There may be occasions when parents of a 20-year-old reckless driver who is either still living at home or away at college may want to take steps to separate his liability from their own.

## How to Shift Liability

- Put the car the child drives in their name.
- Remove them from their auto insurance policy.
- Require them to buy their own insurance.

When you remove a young adult driver from the family policy, you reduce the probability of a claim for property damage, first and third party injuries, and other liabilities that may result from an accident.

It would reduce your auto insurance premiums and push the liability to the child's insurance. However, if you are sued for extreme negligence and the award exceeds the policy's liability maximum, the additional award could be on your shoulders if your child doesn't have the personal resources to pay.

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Protecting the people and property that matter most to you.

# What Your Insurance Covers from a Home Burglary

**A**CCORDING TO the FBI, more than 50,000 “robberies within residences” occur every year. In plain numbers, that’s more than 137 burglaries a day.

Hopefully, you’ll never be part of those statistics, but chances are, that at some point in your life, your home may be burgled. You probably haven’t thought about what you need to do if you are the victim of a home burglary.

Today, we’ll provide some clarity for you.

## What to do first

The first step should be to file a report with the local police. Your insurer will ask for a copy. A claims adjuster may come to your home to assess your loss. The more information you can provide (such as receipts, photographs and appraisals that verify value) about stolen items, the quicker the claims process will be.

## TIP

Consider creating a home inventory that lists all of your valuable assets and how much you paid for them. Keep receipts together with this list as well as pictures of all the items.



Damage to your home and theft of your possessions from a break-in are typically covered by a standard homeowner’s policy. Check your own insurance policy to make sure what’s covered, and remember, you can always ask us for more information.

To assist the insurance company (they’ll ask for it anyway) you should document any property damage with photos or video and prepare a list of the stolen items (along with receipts). If you already have a home inventory, it’ll really expedite this process.

You’ll also want to make any emergency repairs that will help protect your home from further damage. For instance, you may want to replace broken window panes or door locks that were damaged during the break-in. Be sure to save your receipts, because your insurer may reimburse those expenses.

## What you can recoup

When it comes to property damage, most policies pay to repair or replace the damage with same-quality materials. There is generally no deduction for depreciation, the decrease in the value of the materials due to age or wear.

Your personal property that was stolen might be different. If you have “replacement cost” coverage for your personal property, your insurer will likely value a stolen item at the cost it would take to repurchase it at today’s prices.

But if you have “actual cash value” coverage, your insurer will likely deduct for depreciation, paying only what the stolen item would sell for today, not the cost to buy it anew.

Also, most policies typically only cover a claim up to a specific amount.

You likely won’t reach your policy limit from damage to your home from a burglary, but the same may not hold true for your personal property.

Most policies provide coverage for your possessions at about 50-70% of the amount of insurance you have on your home. However, certain types of property, like jewelry or electronics, will likely have their own limits. For instance, jewelry coverage might be capped at \$1,000 or \$2,000. We can advise you on what to expect from your policy.

Also, don’t forget your deductible, which you have to pay before your insurance kicks in. ❖

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## Scope of Coverage Rests on Policy Definition of ‘Insured’

Your own car insurance would not cover it and, since it’s auto-related, the homeowner’s policy wouldn’t cover it either.

## Coverage explanation

The scope of coverage for minor and adult children under their parents’ homeowner’s policies, with respect to personal property coverage and personal liability coverage, rests on the policy definition of “insured” in the typical policy.

The definition, in pertinent part, includes relatives who are residents of the named insured’s household. Children, brothers

and sisters, parents and grandparents are examples.

This doesn’t mean that your 40-year-old daughter who is over for dinner is covered, though, since a visitor is not a resident.

Also, the policy will cover persons under the age of 21 in the care of the named insured (such as a foster child), as well.

The next time your homeowner’s or renter’s policy is up for renewal, please call us and let us know if you have any grown children and what their status is in terms of living arrangements, and any financial support that you may provide them. It will help in determining who is and who is not covered in your family and household. ❖



# Paying for Living Costs after Dwelling Damage

**B**ESIDES YOUR loss of property, one of the main concerns you may have if your home has been damaged by a fire or other calamity is how to pay for your living expenses as you wait for it to be repaired.

Fortunately, the standard homeowner's policy will cover you for your living expenses like staying in a hotel while your home is repaired. This coverage is known "loss of use," and it is designed to reimburse you for the cost of maintaining a comparable standard of living following a covered loss that exceeds the insured's normal expenses prior to the loss.

Actually, the standard homeowner's policy contains three loss-of-use coverages: "additional living expense," "fair rental value," and what is known as "civil authority prohibits use." And typically, these coverages are subject to a limit equal to 30% of the dwelling limit under homeowner's insurance.

So, if you have a policy to cover the full value of your \$300,000 home, the policy would cover \$90,000 for loss of use.

## Additional living expense

Additional living expense coverage pays for your increase in living costs when the home, damaged by a covered cause of loss, becomes unfit to live in.

For example, assume a fire guts your kitchen and two bedrooms. Since your policy covers fire and the home is unsafe for the family to occupy, this coverage will pay the extra amount you must spend to live elsewhere for a period of time.

But, the insurance company will pay only the amount necessary for the family to maintain its normal standard of living. If you were not living in a luxury condo before the loss, the insurer will not pay for you to live in one after.

Loss-of-use coverage meets any additional living expenses – or any necessary expense that exceeds what you normally spend.

For example, if you usually spend \$500 per month for groceries and, while your home is being repaired, you spend \$700 a month since you have to dine out instead of cooking at home, your policy will cover the \$200 difference.

## Additional living expense examples

- Hotel or rental home charges
- Food and utility expenses
- Additional car mileage

## Fair rental value

This coverage applies to homeowners who rent out part or all of the premises. Should a covered cause of loss damage the home and make it uninhabitable, the insurance will pay the rental income that the homeowner loses.

## Civil authority prohibits use

Sometimes the government will require people to evacuate their homes due to a man-made or natural disaster, such as a wildfire. If the authorities require occupants in a neighborhood to evacuate, the homeowners will obviously have to find accommodation elsewhere and incur expenses.

In cases like these, the families could benefit from civil authority prohibits use coverage.

This insurance pays for the increased cost of living elsewhere for up to two weeks when civil authorities prohibit homeowners from using their residences because of direct damage to neighboring premises caused by a covered peril.

As in the case of additional living expense coverage, the insurer will only pay the amount above non-continuing expenses – and only the cost of maintaining the family's normal living standard. ❖





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## Appliance Safety Tips to Prevent Fires, Insurance Loss

**H**OME APPLIANCES provide convenience and comfort in our daily lives, but they can also pose significant risks if not maintained properly.

Fires originating from household appliances are a common cause of property damage and insurance claims.

To protect your home and reduce the chances of fires and insurance loss, follow these essential safety tips.

### Clean up lint and dust

Dust and lint can accumulate behind and under your refrigerator, creating a potential fire hazard. Make it a habit to clean these areas at least twice a year.

Also, clean the lint trap after each time you use your clothes dryer, and periodically inspect and clean the vent to prevent lint buildup, which can ignite and cause a fire.

### Water heater maintenance

Have your water heater checked annually by a professional to ensure it is functioning properly and safely.

You should also ensure that your water heater is in a well-ventilated area to prevent the buildup of hazardous gases.

### Stove and oven safety

Keep flammable items such as dish towels, paper towels and wooden utensils away from the stove and oven. Never leave cooking unattended, especially when using oil or high heat.

### Prevent power surges

Unplug electrical appliances during a power outage to prevent

damage from power surges when the electricity is restored. This can help protect your appliances and reduce the risk of electrical fires.

### Cord, outlet and plug safety

**Cords** – Regularly check the cords of your appliances for fraying or damage. Do not use appliances with damaged cords, as they can cause electrical shocks or fires.

If you find a frayed or damaged cord, replace it immediately or have it repaired by a professional.

**Outlets** – Avoid plugging too many appliances into a single outlet or power strip. Overloading outlets can cause overheating and lead to fires.

Use power strips with built-in surge protectors to safeguard your appliances from electrical surges.

**Plugs** – Do not use appliances with broken plugs or if the outlet appears damaged. Regularly inspect plugs and outlets for signs of damage and replace any damaged ones. ❖

