



Lee Hendrie's

April 2009

# Insurance Update

PHD Insurance Brokers, Inc.

*"dependability in an uncertain insurance world"*

## THE WISE PROFESSOR

### "TIMES ARE A CHANGING"

It's been some time since I thought about the phrase that I'm using for this month's newsletter, but it may be the best title someone could put on a column in today's environment.

Nearly every day I'm seeing the federal government getting more involved in our business and



personal lives, and we just don't seem to be able to reach our representatives to let them know how we feel about what is going on. Then we have the state government doing the same thing, and again we don't seem to be able to communicate with our representatives to let them know how we feel about what is happening to our great state.

However, what I really want to emphasize with this title is how much time and effort PHD Insurance Brokers' Protection Team members have put into making sure that your input is heard by them and that they respond in a loud and clear manner so your requests are accurately handled and to your satisfaction. At our company, you are the most important person in the world and should be. I drill that thought into all the employees on a regular basis, as you are still the cli-

ent and the one we must listen to and service. We don't even want to think like a politician. We want to remember that we are in the "Service Business" helping you to protect your family and with the least amount of effort on your part. Service is making it easy for you to do business with us.

Don't you just love spring time? I know that everyone here gets the feeling that things are new again, and we can start out with a clean slate and look forward to the rest of the year. We will again see the green grass, the flowers, the Easter season and then on into summer. We all just need to be positive about our personal situations and remember that 7% or 8% may be unemployed but let's remember that it means that 93% or 92% are employed. PHD and the team members that serve you are always going to be looking for the bright side of life. We want you to know that no matter how much the press emphasizes the negative, we will always be here to make your day brighter.

Here is our offer to you. If you are feeling a bit down, just call us and say hi. We will be happy to share a positive moment with you as we appreciate you when it rains as much as when it shines.

Lee Hendrie

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## Keep the Coverage

Due to skyrocketing costs, many Californians are making a very risky decision to save money. They are reducing their



insurance coverages, or even worse they are discontinuing their insurance coverage altogether. This can be the most costly mistake you can make.

Saving a few hundred dollars a month may look good on the surface, but if you are involved in an accident, you will be stuck with the bill. Auto accidents can cost thousands of dollars, even if it is a minor fender bender. Without insurance, you will face legal fees, fines and the cost of repairing your vehicle and the other person or persons vehicle. Plus, the law requires Californians to carry auto insurance. The fines for driving without insurance are costly, and you will not be able to renew your vehicle registration. There are many different options that can save you up to 37% on your insurance. Call today for a policy review to ensure you are getting the coverage you need at the best possible price.

Save Up To 15% on Both Your Home and Auto Policies with PHD now.  
 CALL for more details  
**800-640-4743**

[www.phdinsurancebrokers.com](http://www.phdinsurancebrokers.com)

**In today's economy every dollar must be stretched even farther than before. Make sure your policies have the most coverage at the best price possible. CALL TODAY for a policy review.**

## The 4 Myths of Renter's Insurance

If you are wondering what's the big deal about renter's insurance, let's look at some of the misconceptions:

### It's cool -- my landlord's covered.

In most cases, a landlord's insurance covers only structural damage to the building itself—and many landlord policies don't even go that far if the damage is caused by a tenant. If you leave the tub running, and it turns your floor into cardboard and dribbles downstairs damaging your neighbor's couch, you may be liable for the whole drippy mess. If your building went up in flames, your landlord's coverage would include repairs, but only to the building, not to the possessions of tenants.

**It's out of my price range.** than original value.

**Is \$10 to \$20 per month too much?** In March of 2002, unofficial online quotes from two major carriers produced annual rates of \$147 (\$12.25 per month) and \$203 (under \$17 monthly) respectively. Both quotes were for a fictional five-room house in Boulder, Colorado, covering the basics for "standard" personal property valued at \$35,700 (the automated figure produced by one company). Both quotes had a deductible of \$500 per incident, and included medical coverage for others, on-premise or off-premise. Assumptions were that the house contained a smoke alarm and fire extinguishers. For lower rates, you can raise the deductible; for more protection, you can pay more for replacement cost coverage, in which reimbursement is based on today's replacement cost rather



### I'm in a great building, and I'm not worried about security.

**Renter's insurance extends beyond on-premise theft and hazards.** If your suitcase is stolen while you're on vacation, you'll likely be covered. Same with property stolen from your car. If you're prone to barroom

brawls—well, you might need more help than renter's insurance, but you'll probably be covered if you hurt someone. Speaking of injuries, you'll also likely be protected if someone slips and sprains their ankle at your annual dance-a-thon; you may even receive compensation for legal defense costs in the case of a lawsuit.

### My stuff isn't really worth much.

You might be surprised at how quickly all those books, CDs, and kitchen appliances add up. Most people own more than \$20,000 worth of property. Visit [www.phdinsurancebrokers.com/ARI.htm](http://www.phdinsurancebrokers.com/ARI.htm) for an inventory worksheet.

## What is an Umbrella Policy?

If insurance is for a rainy day, umbrella insurance is for a storm! A day when someone hits you with a lawsuit for hundreds of thousands, even millions, of dollars.

Think it can't happen to you? Do you know how lawsuit-crazy this country is? You can't pick up a newspaper these days without reading about somebody suing somebody else for . . . what? You read the article and say, "That's crazy. There's no way somebody should be able to sue for that."

Well, guess what? The courts are clogged with these "crazy" lawsuits, and sometimes the person bringing the lawsuit wins. Do you really need coverage for these crazy lawsuits? Maybe not.

But remember that a lot of lawsuits aren't crazy at all. Some get settled. Actually, most get settled. Often, the person being sued winds up paying something to the person who brought the lawsuit. And that doesn't even include the fees the defendant in the lawsuit has to pay to his or her attorney.

### How Far Will Your Current Protection

#### Really Go to Protect You?

\* **Example.** Say you're at fault in an auto accident that causes serious injuries to the driver and/or passenger(s) in the car you hit. Your auto insurance has liability limits of \$100,000 per person and \$300,000 per accident. (Which are pretty common limits, by the way, even for people with a lot of assets.)

How far do you think \$100,000 will go, particularly if the person or persons involved suffer injuries that keep he/she/them from working for months, even years? The accident victim(s) could sue you for his/her/their medical bills, lost income, even pain and suffering. In this scenario, \$100,000 is not nearly enough coverage.

Guess what happens if, say, you are hit with a judgment in the case of \$250,000 for one person involved in the accident? Your auto liability insurance will cover the first \$100,000 -- and you're stuck for the rest. And that doesn't even include the legal fees you have to pay to your attorney. In addition, in some cases, you might have to pay all or part of the legal fees the other party or parties incur. Ouch.

Umbrella insurance is for these very rainy days. While it may seem unnecessary, it really isn't, particularly for people with homes and other significant assets to protect. Do you really want to hand over your house and/or gains in the stock market to someone you injure in an auto accident? It could happen. But it doesn't have to.

#### Umbrella Insurance: Massive Protection for Pennies a Day

Because it is designed for those really rare rainy days, umbrella insurance is cheap. It is also versatile. Umbrella insurance provides additional coverage not only for your auto policy, but also your homeowners or renters policy. Further, umbrella insurance covers things auto, homeowners and renters policies don't.

Such as? In the insurance world, there's something called "personal injury." This is not damage to someone's body, but to his or her career or reputation.

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## The Up's and Down's of Ladder Safety

WASHINGTON, D.C. - Each year there are more than 164,000 emergency room-treated injuries in the U.S. relating to ladders. The U.S. Consumer Product Safety Commission (CPSC) offers the following safety precautions to help prevent these injuries.

- Make sure the weight your ladder is supporting does not exceed its maximum load rating (user plus materials). There should only be one person on the ladder at one time.
- Use a ladder that is the proper length for the job. Proper length is a minimum of 3 feet extending over the roofline or working surface. The three top rungs of a straight, single or extension ladder should not be stood on.
- Straight, single or extension ladders should be set up at about a 75-degree angle.
- All metal ladders should have slip-resistant feet.
- Metal ladders will conduct electricity. Use a wooden or fiberglass ladder in the vicinity of power lines or electrical equipment. Do not let a ladder made from any material contact live electric wires.
- Be sure all locks on extension ladders are properly engaged.
- The ground under the ladder should be level and firm. Large flat wooden boards braced under the ladder can level a ladder on uneven ground or soft ground. A good practice is to have a helper hold the bottom of the ladder.
- Do not place a ladder in front of a door that is not locked, blocked or guarded.
- Keep your body centered between the rails of the ladder at all times. Do not lean too far to the side while working.
- Do not use a ladder for any purpose other than that for which it was intended.
- Do not step on the top step, bucket shelf or attempt to climb or stand on the rear section of a step-ladder.
- Never leave a raised ladder unattended.

### PHD Wants to Hear From You!!!

If you have a question or comment about an article, or if you have an idea for an article, please email us:

[info@phdinsurancebrokers.com](mailto:info@phdinsurancebrokers.com).

Please have the subject line read: **newsletter**.

You may get your comments posted in the newsletter's new column.

## Congratulations to

**Roozy Saviss**, the winner of March's drawing for a \$50 Gas Card for referring a friend to PHD.

**Cuong Van Nguyen** is the quarterly drawing winner for a \$150 dollar gas card.

**Roozy and Cuong** are now qualified for the Grand Prize drawing for a \$1,500 shopping spree or a 3-day/2-night "Trip To Las Vegas."

**Tell your family and friends about PHD Insurance and you, too, could have a chance to win the Grand Prize!!!**

**For more details call or visit**

**[www.phdinsurancebrokers.com/  
clientrefer1.htm](http://www.phdinsurancebrokers.com/clientrefer1.htm)**

## SPRING CLEAN YOUR FINANCIAL HOUSE

Spring is an ideal time to schedule in a few hours for your financial review. Clearing out the financial clutter won't just make your life simpler; it could save you some serious cash. Here are 3 good areas to get started.

### BANKING

Consolidate accounts, streamline with online statements and bill pay, toss old statements and checks. If you've moved a few times, you may find that you have several bank accounts. You may be incurring fees every month unnecessarily. By consolidating accounts, you may find you have more cash in your account which could qualify you for better deals.

### CREDIT CARDS/DEBT

Check your credit report, shop around for lower interest rates, and come up with a payment strategy. Once you have an accurate credit report, check the interest rates you pay on bal-

ances and compare the rates with other cards. You may be able to use that as leverage to improve your credit card terms. Develop a plan to pay off any debt. Tackle high interest credit-card debt first to guarantee the best bang for your buck.

### ESTATE PLANNING

Create or update a will or trust; toss old documents. Do-it-yourself programs can help create a will for as little as \$20, or you may need an attorney for more complex situations, starting at about \$300. A will can help make sure any property you own gets to the right person upon your passing, and also prevent lengthy probate processes. Once drawn up, an annual review remains important as life changes such as marriage, divorce, or other things could cause a change to the will or trust. Get rid of the old versions, if there are any, to avoid confusion.



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*Lorene D.,  
Arcadia, CA*

*“Thank you for your time and effort in finding us the lowest rates”*

*Maria L.  
Corona, CA*

## ( Cont.) What is an Umbrella Policy?

\* **Example.** Imagine you say in public that a certain person is a lying, no-good so-and-so. Maybe you really believe this to be true, but the person is very offended. He or she can sue you for slander (if you say it) or libel (if you write it). If this happens, your umbrella policy will provide coverage, including legal fees, up to the limits of the policy.

Umbrella insurance also covers personal injuries such as invasion of privacy, wrongful entry, wrongful eviction, false arrest, false imprisonment and malicious prosecution. Some umbrella policies will provide coverage if you are sued because of your service on the board of a civic, charitable or religious organization.

\* **Note.** Umbrella insurance doesn't cover everything. For example, if you are sued and the court assesses punitive damages against you, those damages won't be paid by your umbrella insurance. What are punitive damages? They are damages awarded to someone in order to punish the person being sued. Punitive damages are awarded for outrageous, totally reckless conduct -- at least what a judge or jury perceives to be out-

rageous, totally reckless conduct.

You can usually buy umbrella policies with \$1 million limits for \$200 to \$300 a year. If you need more than \$1 million limits, you can usually buy each extra \$1 million of coverage for \$100 to \$200. Think about this. For only a few hundred dollars, you can increase your per-person liability limits 10 times, 20 times, even 30 times -- and it applies to both your auto and homeowners or renters policies as well.

#### Umbrella Coverage: How It Works...

Umbrella insurance actually “sits” on top of your auto and homeowners or renters liability coverage. Say you have a per-person liability limit of \$100,000 on your auto policy. Say also that you cause an accident in which a driver or passenger in the other car is ultimately awarded \$250,000.

Your auto policy will pay the first \$100,000, and your umbrella will kick in the remainder. Well, almost the remainder. Like auto policies, umbrellas have deductibles. Usually anywhere from \$250 to \$2,500. But a deductible of even \$2,500 is a small price to pay if you're hit with a \$250,000 judgment.

Because umbrellas are over the top of the auto, homeowners or renters liability limits, some insurers offering umbrella policies require you to have your auto and homeowners with these companies as well. But that's not really a problem because most insurers are positively tickled to be able to provide someone's auto, homeowners or renters, and umbrella insurance.

In addition, most insurers offering umbrella coverage require you to have liability limits of a certain amount on your auto and homeowners policies. Typically, this minimum is \$100,000 for homeowners and \$100,000 per-person for auto. Yes, you could chose to increase your auto and homeowners liability limits to, say, \$1 million for each policy. But not every auto and homeowners insurer offers such high limits.

\* **Tip.** And, do you know what? Your umbrella policy is usually a *cheaper* option than increasing the limits on your auto and homeowners insurance. Plus, you get the additional “personal injury” coverage that is not available in your auto and homeowners or renters policies.

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