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Affiliations

As a division of The Lutgert Companies, LSL provides its clients with direct access to the valuable connection these companies share through their affiliation with The Lutgert Companies.

The Lutgert Companies

PREMIER PROPERTIES OF SOUTHWEST FLORIDA, INC.• REALTORS®

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Hurricane Lesson # 1 ~ Get Flood Insurance

None of us will soon forget the pictures that came in shortly after hurricanes Wilma, Katrina and Rita made landfall. The devastation was truly monumental. Homes that had once stood were entirely gone. Large casino's that rested on piers were picked up and moved several hundred yards inland. Large cargo trucks were thrown about like rag dolls. Homes and businesses were destroyed or rendered useless as the storm surge piled seawater into building after building and tremendous winds damaged or destroyed everything in their wake.

For most of the coastal communities impacted by Katrina & Rita, flooding caused most of the damage. The same could have been true in South Florida if Wilma had caused the predicted storm surges. In insurance

terminology, "flood" is often defined as a general or temporary overflow of inland or tidal waters and the unusual and rapid accumulation or runoff of surface waters from any source. Coverage for the damage done by a flood is almost always excluded from virtually all policies that cover property in one form or another, whether we are talking about a business owners policies (BOP's), commercial package policies, homeowners policies, renters policies, condominium policies, and on and on.

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President's Corner

Our hearts go out to the people of South Florida and along the Gulf coast impacted by Hurricanes Wilma, Katrina and Rita. We would be remiss if we didn't point out valuable lessons from these storms. Two of them are featured in this issue of our newsletter. One lesson is the importance of having flood insurance when living in coastal communities. Flooding caused the majority of the devastation from New Orleans to Mobile and could have had a similar impact in South FL. The second lesson is the need to insure your property to value. Failure to insure to 100% of the replacement cost of your property will result in you being paid less than what you need to completely rebuild.

Here at home the majority of Wilma related damage was the result of hurricane force winds. We will discuss insurance as it relates to wind in a future issue.

On a more positive note, LSL has been designated a ZEPP Agent by Zurich Insurance Company. ZEPP is the Zurich Enterprise Preferred Producers Program that recognizes a select group of agents who have demonstrated their commitment to writing high quality business and to adhering to the highest standards of professionalism. There are sixteen ZEPP agents in the State of Florida and 160 nationwide. The ZEPP Program allows LSL to have an "enterprise relationship" with Zurich. That relationship enables us to access any Zurich product available throughout the world while receiving preferential treatment from the local Zurich office and from the underwriting staff in Zurich's Home Office.

Bud Hornbeck

President and CEO

INSURING OUR CLIENTS' TRUST

Since 1953

Seated: ***Bud Hornbeck • Scott Lutgert***

Standing: ***Steve Benza • Dick Baker***
Howard Gutman • Marc Williams

Hurricane Lesson #2 - Insure to Value

The hurricanes that struck Florida in 2004 & 2005 have left a lasting impact on our state. One result has been a significant increase in the cost to repair or rebuild a residential or commercial property that has been damaged or destroyed, regardless of what caused the original damage. Labor costs and the cost of building materials have risen dramatically since 2004, and in some cases, these increases have averaged 30% or more.

The insurance companies we represent are finding that a majority of the properties currently insured in Florida are significantly underinsured. Some insurance companies are looking to increase insured property limits by 20% upon renewal. It is important to note that in some cases this may still leave the property underinsured.

If you do not carry enough insurance on a given property and have a loss, you could face a penalty in that you will not receive enough money from the insurance company to return your property to how it was prior to the loss. The way to avoid triggering this penalty is to insure your property to 100% of its replacement cost.

We strongly urge you to review your current property insurance, whether it is for your home or your business. Determine whether the coverage currently in place will be sufficient to rebuild your property if it were totally destroyed. Be sure to take into account the escalation in the cost of building materials and labor. While asking a builder what it would cost to replace your property is really the best way to accurately determine what your replacement cost truly is, we can refer you to some appraisers that can help you determine what a true replacement cost is for your home. Additionally, with input from you on the specifics of your property, we can run some computer models specifically designed to produce accurate replacement costs estimates. Please feel free to call us if you have any questions or need aditional information. We are here to help.

For additional information contact your CSR via www.lutgertsmithlesher.com or call (800) 842-1359.

"To Claim or Not to Claim" That is the Question…

Most of us have had a homeowner or an automobile loss at one time or another and wondered whether or not to file a claim. Two questions that run through one's mind during such times are fairly uniform - If I file a claim will my insurer raise my rates; or will they discontinue my coverage?

The Claim Department at LSL Insurance is available to discuss your claim situation, should the need arise, 24/7. The ultimate decision to file a claim is yours, however, knowing the ramifications should help you make the right decision.

Each claim scenerio is different and has different implications for you as an insured. The following factors should be considered prior to filing a claim:

- companies tend to review claim activity over a three or five year timeframe
- generally claims paid under $500 will not affect your premium (if they are infrequent)
- two or three claims/year signal you are a "problem" to most carriers
- in general, claims can effect our ability to obtain the best possible insurance quotes on your behalf
- companies report all automobile and homeowners claims, even if no payment is made, to a centralized database to which all carriers have access to review claim history
- a report should always be on file with the carrier if any injuries occur either at your residence, in your vehicle, or at your business
- windshield claims will generally not be counted against your record
- if the claim is slightly higher than the deductible, and especially if it comes on the heels of another recently reported claim, you may do well to "bite the bullet" and pay the difference yourself
- the decision to file a claim must be made on a timely basis, otherwise, the delay in the investigation could affect the outcome of the claim
- in the event of an auto accident which you feel is not your fault, having our experienced claims staff handle it for you may result in a better outcome
- always report if there is a threat of legal action or if a lawsuit develops

The Claim Department at LSL Insurance is staffed with experienced personnel who can discuss your unique situation. Consulting with them in no way initiates a formal claim. The ultimate decision to file a claim is yours, however knowing the ramifications, should help you make the right decision.

For additional information contact our Claims Manager Ann Richard at annr@lslinsurance.net or (239) 280-3228.

Making Long-Term Care Insurance More Affordable

Can you afford long-term care insurance? A better question may be can you afford to be without it? With the cost of a nursing home stay averaging $65,000 a year in 2004, and increasing every year, a sizeable estate can be eaten up in just a few years. With knowledge and some educated decision-making, it is possible to bring the cost of long-term care insurance (LTCI) within the reach of most people.

The primary factors to consider when purchasing LTCI are your age, the waiting period before benefits begin, the level of coverage, the location where you will receive care, and the length of the benefit period.

Age

The first strategy is to make your decision to purchase LTCI before age or health conditions make the policy unobtainable or prohibitively expensive. The underwriting process for most LTCI policies is fairly strict, so it's important to obtain coverage while you're still healthy and young enough to be eligible.

In the past, the decision to obtain LTCI wasn't considered until retirement age, but now most advisors are recommending that a policy be purchased between the ages of 40 and 50 because of the difference in premium costs. Rates rise exponentially as you age, and even a few years can make a difference of several hundred dollars annually.

Location

The level of coverage necessary ties in closely with your location. Costs vary widely from state to state, and even within the same state the cost between receiving care in an urban area and a rural area can be significant. While care in New York City averaged $350 a day in 2004, rural areas in the Mid-west see rates of $125 a day*. Knowing these costs allows you to tailor your policy to ensure you carry the right amount of coverage.

Waiting Period

While it may seem desirable to obtain immediate coverage for a short nursing home stay, doing so will increase your cost significantly. The most popular choice is a waiting period between 60 and 90 days. Simply increasing the waiting period from 30 to 60 days can result in a savings of approximately 10% on your premiums, while keeping your out of pocket expenses within reasonable limits.

Benefit Period

Another way to lower your costs is by adjusting the benefit period. Statistics show the average stay in a nursing home is less than three years**, so you might consider choosing a three-year benefit period versus a lifetime benefit which could cut your benefits in half. If you feel more comfortable with a longer period, you can still achieve significant savings with a five-year period. It's important to consider your family history when choosing your benefit period. The presence of long-term illnesses such as Alzheimer's may indicate the need for a lifetime benefit.

By considering all the factors that make up a LTCI policy, it is possible to lower your premium while providing protection in the areas where it is most needed.

For additional information contact our Manager of the Life & Health Department Gina Shubert at 239-280-3227 or at: ginas@lslinsurance.net

** Survey of 6,000 providers by Genworth Financial Long Term Care Group*
*** National Center for Health Statistics http://www.cdc.gov/nchs/fastats/nursingh.htm*

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So, what does someone do to mitigate the threat of flood related losses? They buy a separate policy protecting them only against the single peril of flood. This coverage is available from the federal government through a program called the National Flood Insurance Program (NFIP). At LSL, we recommend this coverage for all our clients in SWFL, regardless of their proximity to the Gulf. As we have seen from Katrina and Rita, flooding can occur far inland, and lakes and rivers do overflow their banks. Simply put, while structures on or close to the Gulf may have a higher risk, the possibility of flood related damage exists throughout the SWFL region.

The coverage available from the NFIP is limited for both residences and for commercial properties. For personal residences, the most you can purchase is $250,000 of coverage on the structure and $100,000 on the contents. For commercial structures, the most you can purchase is $500,000 on the structure and $500,000 on the contents. If your property exceeds these limits (and many do here in SWFL), excess flood coverage is usually available in the marketplace.

From a price standpoint, the cost of the coverage is in large part dependent on the flood zone that correlates to where your property is located. Premiums can be very reasonable for Zones B, C, and X (those where the probability of a flood or a storm surge is minimal to moderate), and higher for those properties located in A and V zones (locations where the chance of a flood event is around 1% per year).

For additional information contact your agent or CSR via www.lutgertsmithlesher.com or call 800-842-1359.

Did You Know?

Employers Potentially Liable for Accidents Caused by Cell Phones

- Cell phone distraction causes 2,600 deaths and 330,000 injuries every year in the United States according to a study in the Journal of Human Factors, a scientific, peer-reviewed publication.
- Huge settlements, including those in the multi-million dollar range, have been awarded to individuals who have been injured in accidents caused by drivers conducting business on their cell phones.
- An employer can potentially be liable even for accidents that occur during personal phone calls if a company provides a cell phone to its employees or if a cell phone is necessary or encouraged as part of their job.

What can an Employer Do?

- Develop cell phone usage policies and conduct employee cell phone safety training programs.

Features of a Cell phone usage policy

- Instruct employees to dial only while the car is stopped
- Instruct employees to not make calls while in traffic or inclement weather
- Instruct employees not to have stressful conversations while driving
- Instruct employees to use speed dialing when possible.
- Equip company-owned cell phones with a sticker warning of the dangers of driving while talking on a cell phone.
- Add language to their cell phone bill reimbursement forms requiring employees to certify that they did not break company policy in using their cell phone.
- List the disciplinary consequences of not following the cell phone usage guidelines.

For more information on this topic, talk to your LSL agent or email our Director of Loss Control Services Scott Bills at scottb@lslinsurance.net or 239-280-3239.

Personal Insurance • Commercial Insurance • Employee Benefits

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