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President's Corner

With the next hurricane season just weeks away, I wanted to update you on the turmoil that has taken place in the insurance markets since we in SWFL have felt the sting of 8 hurricanes in a 2 year period. The markets have contracted severely, and are getting tighter. Major carriers like Nationwide, Allstate and Safeco have declined to renew many policies or have ceased writing business in FL altogether. Other carriers such as Zurich and St. Paul Travelers have pulled back by placing severe limitations on the type and quality of risks they will underwrite. Several insurance companies that make up the Poe Financial Group are in serious financial trouble.

In general, older homes and buildings are presenting a real problem, as very few standard carriers will insure them. Newer is better, and homes or businesses with approved hurricane shutters are best. All of these changes have made our job more challenging, as many policies need to be rewritten and quoted. All of that takes time, so please bear with us as we search out the best options for you our clients.

On a more positive note, we have been designated a "Cornerstone" Agent with Chubb Insurance Company, in recognition of our successful partnership with them in writing higher valued personal insurance for coverage lines that include homeowners, umbrella, fine arts, collectibles, jewelry and automobile insurance.

You may also notice that we have expanded our newsletter to six pages from four. We hope you find the larger type more readable and the additional articles both interesting and helpful.

Bud Hornbeck
President and CEO

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INSURING OUR CLIENTS' TRUST

Since 1953

Seated: Bud Hornbeck • Scott Lutgers
Standing: Steve Benza • Dick Baker
Howard Gutman • Marc Williams



Profiles of Distinction



Most Companies View Employment Liability Claims Through Rose Colored Glasses

“It will never happen to me” is a multi-purpose rationale people use to avoid doing what they know they should, especially when it is difficult or requires extra effort. Interestingly this rationale also applies to small and medium-sized businesses wanting to avoid the issue of employment practices liability (EPL).

Research proves there is no reason for employers to adopt such a rosy outlook. According to November 2005 figures from Jury Verdict Research, the average compensatory jury award for employment practices liability lawsuits has risen by an annual average of almost 5 percent. The average amount for these awards in 1998 was \$164,200, which rose to \$218,133 in 2004. A significant factor in this trend has been the U.S. Equal Employment Opportunity Commission’s aggressive approach in prosecuting offenders. The agency obtained an unprecedented \$168.1 million in awards in 2004.

Jury Verdict Research went on to note that since 1998 the most frequently targeted businesses are retail and service companies. Although these lawsuits outnumbered those brought against manufacturing and industrial companies by more than three to one, the average awards against manufacturing and industrial companies were far higher. Awards in manufacturing and industrial company suits averaged \$250,000, as compared with \$137,853 for retail and service companies.

With statistics such as these, why would any business risk liability when it comes to employment practices? Specialty insurer Beazley commissioned research to find the answer to that question. What they discovered was that many small and mid-sized businesses have developed a sense of prosecutorial immunity from the media’s bias toward reporting only awards against

Fortune 500 corporations. This reinforces the impression that EPL claims are only a problem for large companies that maintain public visibility.

What should a small company do to protect itself from EPL claims? Start by reducing your exposure with a comprehensive employment practices program. Your program should not only spell out company policy, but must be specific in terms of the consequences for violating that policy. The next step you need to undertake is to protect your company’s financial assets. You can transfer this risk by purchasing Employment Practices Liability Insurance. While sound employment practices and well-trained managers can help reduce the risk of EPL suits, if an employee feels they have been unfairly treated, they can take legal action at the drop of a hat. For this reason you should consider the financial protection an EPLI policy provides.

For additional information, contact your agent or customer service representative via www.lutgertinsurance.com or 1-800-842-1359.

Did you know?

Two websites that assist business owners with disaster preparedness are available at the links below. These sites provide great information and tools for those who may be interested in setting up or updating a disaster plan.

www.fldisasterkit.com, and www.floridadisaster.org





Health Facts...

Recognizing a Stroke

A neurologist says that if he can get to a stroke victim within 3 hours, he can totally reverse the effects of a stroke...totally. He said the trick was getting a stroke recognized, diagnosed and getting to the patient within 3 hours, which is tough.



Sometimes symptoms of a stroke are difficult to identify. Unfortunately, the lack of awareness spells disaster. The stroke victim may suffer brain damage when people nearby fail to recognize the symptoms of a stroke.

Now doctors say a bystander can recognize a stroke by asking three simple questions:

1. Ask the individual to smile.
2. Ask him or her to raise both arms.
3. Ask the person to speak a simple sentence (Coherently) (i.e.. It is sunny out today)

If he or she has trouble with any of these tasks, call 9-1-1 immediately and describe the symptoms to the dispatcher.

After discovering that a group of non-medical volunteers could identify facial weakness, arm weakness and speech problems, researchers urged the general public to learn the three questions. They presented their conclusions at the American Stroke Association's annual meeting last February. Widespread use of this test could result in prompt diagnosis and treatment of the stroke and prevent brain damage.

Additions and Alterations – The Forgotten Coverage

As condominium ownership has gotten more popular, one of the most overlooked and misunderstood coverages involves a condo's additions and alterations (A&A). Sometimes referred to as improvements and betterments, A&A is different from your personal property in that it is usually permanently attached to the condo.

Think about your condo for a second, and then picture it being flipped upside down. Everything that falls out is your personal property and needs to be insured for an amount of coverage that you choose. The things that stay behind, that are permanently attached from the sheetrock going out, is the A&A part. It includes things like:

paint
wall coverings
curtains
blinds
built in cabinets
tile
plumbing fixtures

wallpaper
floor coverings
drapes
window treatments
built in appliances
light fixtures



2005 Hurricane Season - Lessons Learned

1. Items to review prior to hurricane season

- Know your hurricane deductible. Hurricane deductibles are different than your regular deductible in that they are expressed as a percentage of the value of a home or building. The higher the value of the home or building, the greater the hurricane deductible.
- Review your coverages annually (especially your property values)
- Make sure the mortgagee listed is correct.
- Review and update your disaster plan (See Did you Know section on p. 3)

2. After the hurricane has passed

- Call us to discuss the claim and to verify the deductible
- Make reasonable and necessary repairs to protect the property
- Keep an accurate record of repair expenses
- Take photos of the damage and make two sets of photos
- Attempt to obtain estimates for repairs
- Be wary of placing a hefty deposit with a company for repairs

3. When the insurance adjuster contacts you

- Make yourself available for the scheduled appointment
- If you are not available, designate someone to meet with the adjuster
- Obtain the business card of the adjuster
- Give the adjuster copies of estimates, keep originals for yourself
- Once you and the adjuster agree on the amount of your claim, a final proof of loss document should be signed and notarized.

4. After payment is received

- Cashing or depositing the payment does not constitute a release and does not prevent you from filing a supplemental claim
- Payments for all claims involving structural damage will have your mortgagee listed as a payee on the check.
- If repairs are higher than your payment, a supplemental claim can be filed

5. Condo claims are different

Loss assessment coverage is part of most condominium policies. A claim for this coverage cannot be filed until the condo owner has actually been assessed by their association. A breakdown of the assessment from the condo association outlining the specific storm damage should also be included with your assessment bill. The deductible which would apply is the general all peril deductible, not your hurricane deductible.

6. Hurricane claims take longer

During any weather disaster, adjusters are deployed from other states to assist in appraising damages. Depending on the severity of the disaster and the severity of the damage itself, the insured could wait approximately six to eight weeks before getting a call from the adjuster to schedule an appointment. After the damages have been inspected, you could wait another six to eight weeks before receiving a payment. Our mission is to help you reach a timely settlement.

For additional information, contact our claims professionals, Ann Richard at: arichard@lutgertinsurance.com, Jane Rizzotto at jrizzotto@lutgertinsurance.com or 1-800-842-1359.



Learning How to Drive Again - The Importance of Safe Driving on the Job

You took to the roads and haven't looked back since you were sixteen. In fact, you probably haven't re-evaluated your driving skills since you first learned to drive. What you may not realize is that your driving skills, or lack thereof, may have a large impact on your safety at work.

Car accidents can have a serious financial and emotional impact on a company. Offering a driving course to employees is an expense for an employer. However, the Lutgert Insurance Loss Control Services Department offers a Defensive Driving course free of charge to our commercial customers with fleet operations. Please contact Scott Bills at: sbills@lutgertinsurance.com for details.

Teaching safe driving is not a new concept. Five basic keys have long been recommended to help drivers make good decisions behind the wheel:

- Look ahead at least 15 seconds, giving you an opportunity to see a problem and make a decision before it's too late.
- Keep a 360-degree view of what is going on around your vehicle. Check mirrors every 5 to 8 seconds to update yourself on what is happening.
- Keep your eyes moving! Avoid staring straight ahead by looking around and maintaining your involvement in the road conditions.
- Maintain space around your vehicle to provide an alternate way out in the event of a dangerous situation.
- Seek eye contact with other drivers and pedestrians to make sure that you are seen in your vehicle.

Even if a formal driver's safety course is not implemented in the workplace, we can all keep in mind a few common sense tips to being a safe driver:

- If you are tired, pull over – plain and simple.
- Don't be afraid to ask someone else to drive or to pull over for a few minutes.
- Pull over to make an important business call or to jot down a note. It may be the most important stop you make that day.

It's difficult for a company to enforce suggestions for improving an employee's driving habits. Driver's training courses offer employers a way to verify that their employees are learning good driving skills and hopefully being more cognizant of their safety on the road. Safe driving skills may benefit the employer, but they also benefit the employee personally through reduced speeding tickets and fewer accidents. The financial costs associated with the implementation of such a program are quickly outweighed by the benefits to everyone involved.





*continued from page 3... Additions and Alterations –
The Forgotten Coverage*

Air conditioners and compressors, water heaters, and water filters that serve only one individual unit are part of A&A also. As you can see, the amount of money you have invested in A&A is quite substantial. Another area often overlooked is the value of any improvements or betterments installed by a previous owner.

While it is hard to know how much to insure your particular A&A for, there are some rules of thumbs to help guide you. One carrier, who is well known for insuring high net worth clients, recommends that the A&A coverage should be as much as 50% of the purchase price of the condo. Another carrier suggests clients use \$100 per square foot to help determine what values they might have exposed from an improvements and betterments standpoint.

Should you want to discuss your particular situation, please contact your agent or CSR via www.lutgertinsurance.com or 1-800-842-1359.



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