



PERSONAL INSURANCE

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Spring 2012

PRESIDENT'S CORNER



Typically when I write the President's Corner article for our newsletter I like to cover an event that has impacted or changed the insurance industry. For this issue I've decided to take a different approach and talk about our staff at Lutgert Insurance and the products and services we offer to our clients.

Lutgert Insurance is an independent insurance agency that is very much a generalist. We offer virtually every insurance product available in today's marketplace and we employ industry experts within those specialties. In our commercial division we have professionals that concentrate on agriculture, construction, condominiums, hospitality (hotels, restaurants and country clubs), manufacturing, real estate development, yacht & marine, not for profit organizations, shopping centers/commercial buildings, healthcare, as well as professional, technical, and service businesses. The products that are offered for these companies include property, general liability, professional liability, director's & officers liability, employment practices liability, cyber liability, umbrella, automobile, workers compensation, flood, surety, crime, succession/business planning and employee benefits of all types.

Our personal lines professionals are ready to help you with insurance products that include homeowners, automobile, boats and yachts, aircraft, valuable items (jewelry, fine arts, silverware, coins, stamps, etc), umbrella, flood, travel, life, annuities, health, disability and long term care insurance. Our staff is also well versed in estate planning and various cafeteria plans such as health savings accounts, flexible spending accounts, etc.

We also have on staff risk managers, claims specialists and loss control engineers to offer their services to our clients.

I am very proud of the staff we have assembled at Lutgert Insurance and the high level of professionalism they bring to our organization and clients. We are ready to help you with any insurance situation you may have. I very much appreciate the opportunity for us to be of service to you and I thank you for placing your trust in us.

Bud Hornbeck
President & CEO

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Since 1953



Lutgert Insurance



Raymond L. Lutgert Pavilion East
NCH Regional Cancer Institute



Lutgert School of Business
Florida Gulf Coast University



Lutgert Insurance Principals
Seated: Scott Lutgert • Bud Hornbeck
Standing: Marc Williams • Steve Benza
Dick Baker • Howard Gutman

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PAGE 2

AFFILIATIONS

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



The Lutgert Companies

Premier

Sotheby's
INTERNATIONAL REALTY

STRATECA

Lutgert Title, LLC

CYBER LIABILITY INSURANCE

The news is full of cyber liability and data breach stories. The best known may have occurred in 2011 when SONY's Playstation Network was hacked and some 70 million users names, physical and email addresses, birthdates, and credit card numbers were stolen. SONY quickly took the system offline to reinforce it, but within days of coming back on line, hackers broke in again. The FBI believes that similar intrusions are happening to corporate networks, personal computers and government systems by the thousands every single day.

Business owners who use a personal computer or do any business on the internet (web sites, point of sale systems, etc) have this exposure. Customers' names, credit card information, social security numbers, confidential health information and drivers license numbers can all be stolen by hackers. Data stored on a laptop can be easily accessed if the laptop is stolen or left somewhere unwittingly. Employees who log on to the internet using a wi fi location can expose your corporate data since most wi fi locations are not protected. The list goes on and on.

Many small business owners don't think it can happen to them. They feel they are too far under a hacker's radar screen. Criminals are now targeting small businesses because they know that many businesses don't

have large IT departments or invest in IT security.

According to the experts, the average cost to an organization of a compromised record is around \$200. Data needs to get restored, clients need to be notified, and your company's reputation needs to be repaired. If you multiply \$200 by the number of records/clients you have, the expense can be staggering.

So what to do? First, invest in data base and computer security. Harden passwords. Put limits on where employees can access your network and when. Have an IT professional audit your company's ability to protect your client's data.

Another step is to consider buying Cyber Liability Insurance. Many of the large well-known commercial carriers have started offering these policies on a stand alone basis. One carrier has even started offering the coverage as an endorsement to their business owners policy which typically wraps general liability and property insurance all together in one policy.

Most policies protect your first and third party risks. First party risks are those a company bears outright, such as the cost to notify customers of a breach, your lost business income as a result of a breach, the cost to repair your companies reputation, the cost to recreate any



CYBER LIABILITY INSURANCE (CONT.)



lost data, etc. Third party costs are those that you are legally liable for as a result of your failure to protect clients against a breach. Lawsuits from clients can include their cost of credit monitoring services, their loss of privacy, libel, slander, etc.

The premiums and limits these carriers offer are broad and diverse. Adding

\$100,000 of coverage onto an existing business owners policy can cost as little as \$250. Buying a stand alone policy with \$1,000,000 of coverage can run from \$1,500 to \$10,000 depending on how much exposure you have. Carriers can offer higher limits of \$25 million to \$300 million and price the coverage accordingly.

Please contact your Lutgert Insurance agent for more information.

REGULATORY UPDATES

Effective **November 14, 2011**, private sector employers subject to the jurisdiction of the National Labor Relations Act are required to post a notice of employee rights ("Notice") informing employees of their rights under the Act. Employers are required to post the Notice in conspicuous places where the Notice is readily seen by employees, including all places where notices to employees concerning rules or policies are customarily posted. In addition to the physical posting, the rule requires employers to post the notice electronically if personnel rules and policies are customarily posted in that manner.

1, 2012, the Florida minimum wage will be increased to \$7.67 per hour and will continue to surpass the federal minimum wage, which is \$7.25 per hour. Every September the Florida Department of Economic Opportunity is required to calculate and adjust the minimum wage by the rate of inflation during the preceding twelve month period.

The adjusted minimum wage rate takes effect the following January 1st. Consistent with federal law employers must pay the higher of the state or federal minimum wage.

Effective **February 1, 2012**, employers subject to OSHA recordkeeping must post the OSHA Form 300A in a common area where notices are typically displayed. The form must remain up through April 30, 2012. Form 300A is the summary of all job-related injuries and illnesses that occurred in 2011 and were entered on the 300 log. If there were no recordables in 2011, the form must be posted with zeros in the total line. Also required is the information about annual average number of employees and hours worked, and all summaries must be certified by a company executive.



Scott Bills
Director of
Loss Control Services

For additional information or copies of these postings, please contact our Director of Loss Control Services, Scott Bills at sbills@lutgertinsurance.com or 239-280-3239.



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PAGE 4

A CLOSER LOOK AT THE ADVANTAGES OF A DEFERRED FIXED ANNUITY



George Leamon

Individuals throughout the nation have billions of dollars invested in deferred annuities. These contracts offer many benefits most consumers are not aware of. Let's look at a few of them:

Keeping it Safe: Unlike a bank certificate of deposit (CD), deferred annuities are not FDIC insured; however, these accounts are backed by the billions of dollars in the insurance company's assets and are considered a safe, low risk investment.

Compounded Interest: Earn interest on the principal and the amount you would normally pay in taxes each year on a CD. The bottom line is you will have more money to spend after retirement.

Guaranteed Minimum Interest Rate.

Competitive Interest Rates: Interest rates are often higher than what is currently being paid on CDs.

No Sales Charges and No Administration Fees.

Withdrawal Advantages: 10% of your account can be withdrawn without penalty each year. Withdrawals for terminal illness/nursing home expenses are also typically penalty free.

Creditor Protection: In some states (including Florida) the money in your deferred annuity is protected from creditors.

Sheltered from Probate: In some states (including Florida) your annuity is not considered a probate asset which eliminates your beneficiary from probate fees or delays.

Distribution Options: Lump sum distributions, income for life options, or continued accumulation are just a few of the choices available.

Annuity withdrawals are generally taxed as ordinary income and may be subject to surrender charges in addition to a 10% federal income tax penalty if made prior to age 59 1/2.

For more information, please contact your agent or George Leamon at gleamon@lutgertinsurance.com or 239-280-3246.

CITIZENS PERSONAL LINES CHANGES FOR 2012

Citizens has made two important changes to their homeowners coverage that policy holders need to be aware of. These changes apply to both "wind-only" and "multi-peril" policies.

Effective in January, Citizens will no longer provide coverage for carports, screened enclosures/supports, patios and awnings, gazebos, cabanas, tiki huts, canopies, patios, and pergolas.

Effective February 1 for new business and May 1 for renewals, Citizens will no longer insure homes whose replacement cost is greater than \$1,000,000. This also applies to condominium units with a combined dwelling and contents replacement cost of \$1,000,000.

Please contact your Lutgert Insurance agent to discuss these important changes.





DID YOU KNOW?

• The premiums for Long Term Care policies can be funded through your Health Savings Account

LUTGERT INSURANCE GOES GREEN!

All of Lutgert Insurance's past newsletters may be accessed via Lutgert Insurance's corporate website, www.lutgertinsurance.com

If you would prefer NOT to receive a hard copy of this newsletter via US POST, we will be glad to email you a copy. To request the change, email Patty Hornbeck at phornbeck@lutgertinsurance.com

We would love to hear from you. Email newsletter article requests to: phornbeck@lutgertinsurance.com

LUTGERT INSURANCE IS ON FACEBOOK

Please "Like" us from your personal page.



MINIMIZE YOUR RISK OF DAMAGE FROM TREES BEFORE HURRICANE SEASON

Falling trees and limbs cause millions of dollars in damage each year. Trees can also cause extensive damage underground. Spotting problems early can save money and lives.

Here are a few things to look for:

- Cracks in tree trunks or major limbs.
- Hollow and decayed trees.
- Trees that look one-sided or lean significantly.
- Branches hanging over the house, near the roof or other structures, such as screen enclosures.
- Limbs in contact with, or close to, power lines.
- Mushrooms growing from the bark, indicating a decayed or weakened trunk or branch.
- V-shaped forks rather than U-shaped ones (v-shaped are more likely to split).
- Crossing branches that rub or interfere with one another.

Good pruning can prevent many problems. Experts offer these pruning tips:

- Check local tree regulations prior to pruning or tree removal.
- Avoid pruning branches flush to the trunk. This removes some of the trunk wood, opening the plant to decay or insect damage.
- Begin by making a cut partway through the bottom of any limb to be trimmed, a few inches from the trunk. Then cut through the limb just above the first cut. This ensures the limb won't strip off bark when it falls.
- Finish by cutting off the few inches sticking out from the trunk. Be sure to leave the "branch collar," the swollen area of the trunk tissue that forms around the base of a branch. This protects the main trunk from damage.

Tree care professionals can examine trees for subtle signs of trouble and take care of problems often early enough to save the tree. But even great care can't overcome poor tree selection. City foresters, county extension offices, nurseries and landscapers can provide advice on tree selection.

In our next newsletter, we will address what to do after tree damage occurs.

For additional information, please contact our Director of Loss Control Services Scott Bills at sbills@lutgertinsurance.com or 239-280-3239.

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PAGE 6

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WHAT'S NEW AT LUTGERT INSURANCE

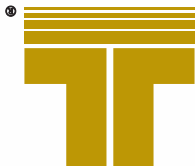
- Tower Hill has selected Lutgert Insurance as an Emerald Agency. This award is based on production and profitability results.
- In a recent Gulfshore Life magazine poll of home buyers, Sonia Alderman, Sandi Benson, Rich Biondi, & Bud Hornbeck have each been recognized as a Southwest Florida's Five Star Home Insurance Professional.
- Dawn Colecchio has joined the Naples office as an account executive.
- Lana Robertson has joined the Naples & Fort Myers office's has a commercial & life/health processor
- SAFECO Insurance donated \$3,000 to the Golisano Children's Museum of Naples. Bud Hornbeck nominated the museum for the grant. A check presentation was held on February 3rd at the museum.

AVE MARIA • FORT MYERS • MARCO ISLAND • NAPLES • SARASOTA

(Information contained in this newsletter about product offerings, services, or benefits is illustrative and general in description, and is not intended to be relied on as complete information. While every attempt is made to ensure the accuracy of the information provided, we do not warrant the accuracy of the information. Therefore, information should be relied upon only when coordinated with professional insurance, tax and legal advice.)

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IMPORTANT INFORMATION ENCLOSED

INSIDE THIS ISSUE...

PAGE 1... President's Corner

PAGE 2... Cyber Liability Insurance

PAGE 3... Regulatory Updates

PAGE 4... A Closer Look at the Advantages of a Deferred Fixed Annuity
Citizens Personal Lines Changes for 2012

PAGE 5... Did You Know?
Minimize Your Risk of Damage from Trees Before
Hurricane Season

PAGE 6... What's New at Lutgert Insurance