



Weather Risks

Preventing Major Losses from Flood Damage

PARTS OF the Midwest have already experienced record flooding in the spring of 2019, caused by rains and the melting of massive amounts of snow that fell in the winter.

And as the weather becomes more unpredictable, many areas throughout the country are experiencing flooding with increasing regularity. Moreover, some regions are flooding for the first time in recorded history.

Floods are the leading weather-related cause of property damage. After Hurricane Sandy, the National Flood Insurance Program paid out well over \$6 billion in claims. It is important to take these steps to prevent flood damage.

Use flood maps

These maps are drawn up and updated by the Federal Emergency Management Agency. They show the locations of flood zones and flood plains, and flood zone risks ranging from high to low. If unsure about the classification of a specific address, ask us.

As part of FEMA's modernization program, most communities are receiving new maps with more details and helpful recommendations. Since flood zones may have changed, it is important that you look at the newest versions of these maps.

Learn base flood elevation

When property owners know their flood zone, they should also learn their property's base flood elevation (or BFE).

This is the point where a building has a 1% chance of flooding each year. FEMA's newer maps typically list the BFE for different properties. If new maps are not available yet, your local building department may be able to help.

When the BFE is known, it is important to determine the elevation of the first floor of the home. Is it below or above the property's BFE?

Raising a structure with a main floor below the BFE helps reduce flood risks. This type of floor plan is typical with some split-level homes and buildings.

Purchase flood insurance

When you understand the full risk of flooding for your property, you can decide whether you should purchase flood insurance for complete protection. Obviously, if you live in or near a high-risk flood zone, you should purchase coverage.

Sometimes you don't have a choice about buying coverage. Most lenders will require homeowners in flood zones to purchase insurance if they want to qualify for a home loan.

Flood insurance is mainly available through the National Flood Insurance Program, although there are some private insurers that offer coverage in selected areas. To learn more about your options and how to enroll in coverage, call us.

Reduce risks on your property

There are several steps to take to reduce risks on the property:

- Raise all electrical system components. A licensed electrician should be hired to complete this task. All wiring, circuit breakers, sockets and switches should be addressed, and they should all be at least 12 inches above the BFE for the property. This prevents the possibility of fires that occur from shorts after a flood, as well as possible electrocution if someone steps into waters around the house.
- Channel water away from the structure. The slope of the property should be downward in comparison

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If you have any questions regarding any of these articles or have a coverage question, please call us at:

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How to Travel Safely with Your Pet

IF YOU are transporting a pet to the veterinarian, or bringing your critter on a road trip or to the dog park, you know that cars are not really designed for conveniently transporting them. Also, if you are in an accident and your pet is injured, your auto policy will not cover their injuries, so it's important that you physically secure your pets before you drive. If your pet is not secured, it can

suffer serious injuries or death if you suddenly stop or are in an accident.

Some carmakers, including Subaru and Volvo, cater to animal lovers with special equipment packages. These save you the trouble of locating components separately, can be included in your financing, and are covered by the manufacturer warranty.

Precautions before hitting the road with your furry friend

- Don't let your pet sit on your lap while you drive. It's distracting, and unsafe in case you have to stop suddenly.
- Do not leave your pet in a locked car when it's hot outside. Even warmer temperatures in the mid 80s can turn the inside of your car into an oven.
- Bring water. You can buy collapsible and spill-proof containers.
- Purchase mats and liners to protect carpets and make clean-up easier if they make a mess.
- Don't let your dog stick its face out the window as you drive.
- If you are planning a long trip, take your pet on a series of short drives first.
- Consider transporting your pet in a well-ventilated carrier. You can secure the crate so your pet is not thrown around if you stop suddenly.
- Use a safety harness. These have become popular in recent years.
- Stop every couple of hours to let your pet take a break and have some water if you are on a long trip.
- If you are traveling over state lines, bring along your pet's rabies vaccination record, as some states require this proof at certain interstate crossings. While this generally isn't a problem, it's always smart to be on the safe side. ❖

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Be Sure to Anchor Any Fuel Tanks You May Have

with the location of the main structure. If it is not, this should be changed if possible. A downward slope helps direct water away from the home.

- Raise HVAC equipment. Cooling, heating and ventilation systems can be damaged by floodwaters. Hire a contractor to move the HVAC equipment to a different floor or to create a flood-proof wall that surrounds it.
- Add sewer back-flow valves. In some areas, flooding may result in sewage backing up through pipes. Back-flow valves prevent a return flow into the home by blocking drain pipes.
- Anchor any fuel tanks. If a fuel tank is not anchored outside, it can be swept away in a current in the event of a major flood. To complicate matters, a supply line can be torn and may result in basement fuel contamination.
- Check sump pumps. If you have a sump pump on your property, it should be examined regularly. Make sure the batteries are charged periodically and that the pump is functioning correctly.

To learn more about flood safety and preparedness, call us. ❖

Technology

How DNA Testing Could Change Life Insurance



THE ADVENT of home DNA-testing kits has opened up a can of worms and spawned many unanswered questions about life insurance, in particular.

Life insurers are concerned that their policyholders may hide results from DNA tests that show they may have a propensity for specific health problems. And privacy and consumer advocates are concerned that life insurers will use DNA tests to refuse coverage or charge more.

Under federal law – known as GINA (Genetic Information Nondiscrimination Act) – companies are not allowed to use your genetic information against you for things like health insurance or a job. But those protections do not currently carry over to life insurance, disability and long-term care insurance.

Genetic testing has been growing in popularity. There are tests that focus on your ancestry and others that focus on your genetic predisposition to various health issues.

Google-backed 23andMe, for example, can recognize genetic variants associated with an increased risk of developing certain health conditions, including late-onset Alzheimer’s or Parkinson’s.

Since life insurers want to know as much as they can about your health before writing a policy, how can these tests benefit you – or will insurers use them against you?

Benefits to consumers

In many ways, having a DNA test that can show how predisposed you are to certain afflictions could benefit consumers, who may not however want to share the results with their life insurer if they feel the report is bad.

You have no obligation to report what you find out in a genetic test to your insurer. And according to a report by Moody’s Investor Services, 17 states have laws that impose restrictions on life insurers to keep them from using genetic information in the underwriting process.

While an insurer cannot demand that you hand over the results from a home kit, if they require it as part of the underwriting process you would have no choice if you want a policy.

The American Council of Life Insurers says that its members rely on the honesty of applicants and their full disclosure of all material information pertaining to their health.

That said, insurers routinely write life policies for people with a family history of various ailments like cancer, diabetes and heart disease. If you have stage-four cancer, however, it’s likely that no insurer would cover you.

But, if a consumer buys a policy without disclosing genetic predispositions, they will most likely be valued as less risky than they should be, earning them slightly better premiums, theoretically.

Advantage life insurers?

The life insurance industry says the more information they have, the better they can underwrite you. Insurers are already armed with a wealth of data, since they often require applicants to undergo a medical exam before a policy is written.

The other side of the argument is that DNA testing could be a positive for insurers if they start requiring testing prior to writing a policy. The concern, though, is that they would use this information to charge higher rates.

Insurers may also push states to enact laws that allow them to conduct genetic testing prior to writing a policy.

One way they may approach the situation is to raise prices across the board, but ask consumers to provide genetic information in return for a discount. Insurers argue that access to genetic information could in fact reduce rates overall, as it would give them more refined data to use in the underwriting process.

The American Council of Life Insurers points out that improvements in medical testing have actually reduced rates because it prompts people to take control over their health.

For example, if you find out you are prone to heart disease based on your genetic makeup, you are more likely to eat healthier and exercise more, both of which reduce your chances of heart disease and can end up lowering your life insurance rates.

Also, people complained when life insurers starting using an applicant’s cholesterol level in the underwriting process. But now it’s a standard health measurement, and has driven down the cost of insurance. That’s because people who learn they have high cholesterol levels can take medication to control it.



Umbrella Coverage

Why Wealthy Families Need More Insurance

ALTHOUGH MANY people assume wealthy individuals and families have nothing to worry about, they do have to be concerned about being targeted with significant liability lawsuits.

Unfortunately, many wealthy families do not have ample protection against such lawsuits. They also underestimate the cost of potential damages and how affordable protection is in comparison with those damages.

A recent study by ACE Private Risk Services found that half of the people interviewed thought the worst lawsuit they could possibly face would be less than \$5 million in liability.

But, the reality is that lawsuit awards for serious injuries are often much higher than that amount. And if the plaintiff finds out that you are a high-net-worth individual, they can increase the amount they are seeking from you.

Individuals interviewed for the study had more than \$5 million in assets.

Wealthy and exposed

- Rich families feel they are increasingly targeted for lawsuits.
- 80% of wealthy individuals feel their money puts them at a higher risk.
- More than 65% feel that the nation's view of the wealthy has become more negative in the past decade.
- Almost 40% feel they are likely to be sued over the next few years.

Source: ACE Private Risk Services

The risks

The ACE survey found that more than 50% of these families have household employees. Gardeners, housekeepers and nannies can become disgruntled enough to file a lawsuit.

In many cases, the allegations may not even be true. Sexual harassment, wrongful employment practices, wrongful termination and discrimination are common allegations in such lawsuits.

Wealthy individuals who serve on boards of charitable

organizations are also at risk, since the organization's directors and officers coverage may not be enough for individual protection.

Auto accidents, dog bites, character defamation and slander are also common lawsuit allegations.

Umbrella coverage

Most primary policies like auto and homeowner's insurance usually cap liabilities at a relatively low level, like \$500,000.

To augment that coverage and protect their assets, wealthy individuals need to secure an umbrella policy that has appropriate limits for their net worth. Unfortunately, many are woefully underinsured. The study found that:

- More than 40% of the survey participants reported carrying less than \$5 million in umbrella liability coverage.
- More than 20% said they did not have an umbrella policy.

In the event an incident exceeds the liability limits of the base policy, an umbrella policy provides extra coverage.

Several companies specialize in umbrella policies for wealthy families whose net worth is beyond \$1 million. These companies offer policies covering between \$5 million and \$100 million.

Premiums are quite reasonable for the coverage, and policyholders can reduce the premium by increasing their deductible. But the key is to buy a policy with enough coverage.

If you're worth \$2 million, a \$2 million umbrella is not going to protect you from a \$4 million legal judgment, since it would still be worth a lawyer's time to go after your personal assets. So even if your net worth is below \$4 million, you should consider a \$4 million umbrella.

We recommend securing coverage at least equal to your current net worth. That said, if coverage falls short, a judge could order you to pay up, forcing you to liquidate savings and investments, real estate and personal property – and even garnish your wages. ❖

