

NEWS BLAST



Auto Insurance

Distracted Driving, More Crashes Drive Rates Up

AUTO INSURANCE rates are climbing due to a sudden escalation in the cost of claims.

The amount insurers are paying out in claims is due to many factors, including more accidents due to distracted driving.

Also, repairs cost more as vehicles have become more high tech and replacement parts get more expensive.

The scope of the increasing outlay for claims was evident when State Farm Insurance reported a \$7 billion loss on its auto insurance portfolio for 2016.

Other major companies, like Travelers Co., Allstate Corp. and Geico, have said they were increasing their auto premiums because of higher claims outlays.

"Loss costs throughout the auto-insurance industry have been increasing at an unexpected pace," Berkshire Hathaway chairman Warren Buffett said in his letter to shareholders. Berkshire owns Geico.

The driving force that's led to the boom in accidents is distracted driving, insurance companies say.

A report by the AAA Foundation for Traffic Safety found that about 87% of young drivers had engaged in at least one risky behavior while behind the wheel within the past month of being surveyed.

These dangerous behaviors – which increase crash risk – include texting while driving, red-light running and speeding.

This new scourge is wiping out years of steady declines in traffic fatalities. In 2015, U.S. traffic deaths rose to 35,092, an increase of more than 7% and the largest single-year spike in five decades.

From 2005 to 2013, the average cost per paid bodily injury liability claim increased 32%, from \$11,738 to \$15,506, according to the Insurance Research Council. In 2014 it had reached \$16,600, up 7% from the year prior.

Why Claims Cost More

- More accidents. Insurers point in particular to claims related to distracted driving from the use of smartphones.
- Higher repair costs.
- Higher costs for replacement parts.
- Higher medical costs.
- More vehicles on the road.

What kind of rate increases?

Rate increases vary among insurers. Some have anticipated the rise in accidents and costs and are slowly lifting rates.

But others have reacted late and are now increasing their premiums to account for the increases.

The average rate of increase has been around 5% to 10%. ❖

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Emerging Issue

Are You an Airbnb Host? Make Sure You're Covered

IF YOU HAVE been considering becoming an Airbnb host to generate some extra income and make use of that extra room that you never use, you'll want to make sure that you are covered in case of injury to one of your guests.

You may also be concerned about theft by a guest or any damage they may cause in your abode, none of which you'd want to pay for out of pocket.

Hosts are covered by an Airbnb policy, but it's not comprehensive and those gaps could leave you exposed to a claim or lawsuit if the loss to the guest is severe enough.

Airbnb's insurance plan

Airbnb carries something called Host Protection Insurance, which all hosts are covered with at no charge. The plan will cover up to \$1 million of liability for you and your landlord (if you have one) against property and physical damage claims by third parties.

For example, if one of your guests falls down the stairs because of an obstruction and they file a lawsuit against you, the insurance could cover the cost of defending and also paying out an award.

Similarly, if one of your guests injures another guest or a tenant in the apartment building you live in, Airbnb's insurance would also cover that.

And if your puppy gets into the guest's room and devours a \$200 pair of shoes and some \$300 headphones, Airbnb's policy would also kick in.

Do you have a coverage gap?

Fortunately, most homeowner's and renter's insurance policies will cover your personal property if it's damaged or stolen by an Airbnb guest.

WHAT'S NOT COVERED BY AIRBNB

- Damage to personal property like furniture, stereo equipment, your prized china set, etc.
- Theft of your valuables.
- Sickened guest due to issues at the property, like mold.
- Slander and defamation. Both can be grounds for a lawsuit and if a guest sues a host for either one, the host will not be able to file a claim through Airbnb.
- Harm caused by intentional criminal acts. This is actually excluded on any insurance policy, even homeowner's or renter's coverage.

These coverages will provide the extra security you need in case a guest sues you for something the Host Protection Insurance won't cover.

If you are relying on these coverages, remember these tips:

Keep the insurer updated – If something happens when a renter is visiting and the insurer does not know that the home is being rented out, there could be major issues with coverage. Insurers want and need to know about the home, who is living in it, or if how it is being used changes.

The insurer may deny coverage for business use of a home – When a home is rented out frequently, it could be considered a business. A homeowner's policy does not cover regular business activities in the home. Talk to us to discuss renting basics, renting frequency and what will happen if a guest is injured based on a current policy.

Consider landlord coverage – If you are frequently renting out your place, then you definitely may have a problem if you need to file a claim. Often, landlord insurance would cover most of the issues that would arise as an Airbnb host. ❖



Prudent Planning

Insurance Considerations When Getting Married

THE LAST thing you want to think about when you are getting married is insurance, but as the big day draws near, you will be soon combining your assets and your risk – and your insurance policies should reflect that.

Often, once you are married, you may enjoy the benefit of lower insurance premiums thanks to combining them into one or when you have two vehicles under a shared policy.

You'll have to make some choices in terms of your homeowner's, auto, health and life insurance when you are tying the knot.

Here's what you need to look at:

Homeowner's and renters insurance

If you are getting married and you have such a policy, you may want to contact your insurer about a rider for the engagement ring to cover it if it's lost. If your fiancée is still living apart from you, once it's on her finger, she should insure it instead.

Once you've gotten hitched, you should combine your coverage, with one spouse adding the other to their policy. But remember you will need to extend the coverage to include your spouse's possessions.

Typically, homeowner's policies automatically will extend coverage to a new spouse, but it doesn't hurt to contact the company to make them aware of the addition, and especially if your sweetheart has a lot of valuable stuff. In that case, you may want to increase some of the coverage.

Auto insurance

You can often save money by combining your auto insurance policies thanks to a multi-vehicle discount, but in some cases it may be less expensive to keep separate policies.

That's because if one of the spouses has a bad driving record, the rates may actually increase for the other just by virtue of the fact that they are sharing the same policy.

Before deciding on combining policies, consider both of your driving records, what types of car you drive and how many miles you drive every year.

Take the time to review your driving histories together before making any changes to your auto policies.

Health insurance

This will probably be one of your biggest decisions, particularly if one of your employer-based plans includes an option to add a spouse. You should review your employer-sponsored plans for the best deal and consider having one spouse drop their coverage at work and be added on to the other's coverage.

That includes assessing the premiums and copays associated with each plan. And if kids are part of the package, or soon will be, you will also want to consider them when making your coverage decision.

Usually a spouse can be added to an employer policy at any time during the year because it's considered a "qualifying life event." In other words, you don't have to wait until the next open enrollment to make the change.



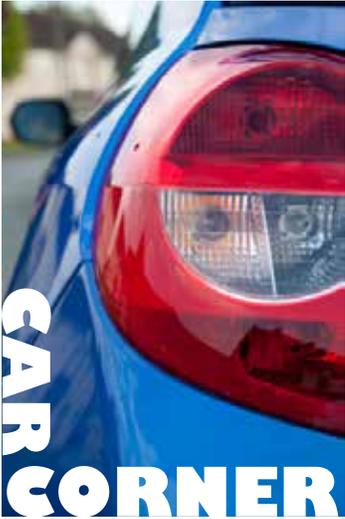
Life insurance

Once married, you should review your combined financial obligations to determine which type of policy is best for you and your spouse. And you should also be naming your spouse as a new beneficiary.

Life insurance generally falls under two main categories: term life insurance and whole life insurance. Payouts can cover ongoing, standard expenses such as rent, mortgages and car payments, as well as unexpected expenses such as debts and funeral costs.

And if you don't have life insurance, now would be a good time to consider it to ensure that your spouse can live comfortably should they suddenly lose you and your income. ❖

Determining Who Is at Fault in a Car Accident



DETERMINING WHO is legally responsible in an auto accident requires identifying who the negligent party is.

In most cases, common sense can be used to determine fault, but often drivers do not know exactly which laws were broken by the at-fault party. This makes it more difficult to prove a case to an insurer when making a claim.

There are a few places to look for this supportive information.

Police reports

If you or the other party called the police or 911 after the accident to report injuries, there will be a police report.

If that's the case, you can contact your local law enforcement traffic division to ask for a copy of the report.

Many police reports contain a responding officer's opinion about who was at fault. If one party clearly violated any laws, the officer will write that in the report.

Typically, any mention of the other party breaking traffic laws will be enough to sway your insurer that you were not at fault.

State laws

As backup, you can search your state traffic laws to find out if the other party violated the law.

You can often find information on the DMV website, or you can get a copy of the driver handbook that will typically outline most instances of traffic violations. The handbooks include language that is written in laymen's terms so they are easy to understand.

Law school libraries and local public libraries may have more detailed versions of these codes.

No-doubt liability

In some accidents, the other driver is almost always considered at fault.

For example, if another motorist hits the back of your car, the insurance company will typically consider them at fault because it is

most likely they were either following too closely or failed to react in time when you put on your brakes.

One of the basic rules of the road in every state is that a driver should follow the vehicle ahead at a safe enough distance to be able to stop even if the other person brakes suddenly.

Also, damage is easy to prove with a rear-end accident. One driver's vehicle will be damaged on the front end, and the other driver's vehicle will have damage to the rear.

That said, for drivers who are rear-ended, there are still a few situations where their carelessness is a contributing factor to the accident.

If the insurance company investigates the claim and finds that your brake lights were out, this could reduce the amount of compensation you receive and you could be considered at fault.

Your compensation may also be reduced if you ignored mechanical issues that should have been fixed and were a contributing factor to the accident. ❖

Left-hand turn violation

A motorist who makes a left turn and is struck by a vehicle on the other side of the road that is going straight in the opposite direction is an at-fault driver unless:

- They were making the left turn at a green turn light.
- They were at a four-way stop and had the right of way.
- The oncoming vehicle was greatly exceeding the speed limit, which made it difficult for you to judge how fast they were coming towards you.

Also, the turning driver will have damage on the side of the vehicle, and the oncoming vehicle will have damage to the front end or the side if the turning driver tried to swerve. ❖