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## INDEX:

WINTER DRIVING: AVOID PERILS

BY THINKING AHEAD ..... 1

PERSONAL UMBRELLA INSURANCE ..... 2

EVEN OUT OF THE WATER, YOUR BOAT IS AT RISK.. 2

WHAT YOU SHOULD KNOW ABOUT

CREDIT-BASED INSURANCE SCORING ..... 3

INSURANCE FRAUD: THE CRIME INNOCENT PEOPLE PAY FOR..... 4

IMPORTANT NEW YEAR'S RESOLUTIONS ..... 4

# Insights & UPDATES

## WINTER DRIVING: AVOID PERILS BY THINKING AHEAD

Winter in the Northeast—snow falls from the sky and lands gently on the ground. It's a beautiful time of the year if you are curled up in front of the fireplace with a cup of hot chocolate. But, what if you have to drive through it?

It is dangerous, but by taking certain precautions you can avoid accidents, mishaps and arrive safely at your destination. Rule number one: If there's a storm outside and/or a winter advisory, don't drive unless it is absolutely necessary.

**Pre-winter check.** Before the storms hit, make sure your car is running in tip-top shape. Check the battery, lights, tires, brakes, windshield wipers and fluid levels (windshield washer, heating and cooling, etc.) to make sure your car is running well enough to combat the extreme weather of winter. Also, make sure you have an emergency kit in your car with the following items: an ice scraper; a shovel; jumper cables; a blanket; safety flares; a flashlight and batteries. It also is a good idea to have a cell phone with you.

Do you know where your automobile insurance policy is? Now is a good time to review it to make sure you have the proper protections and coverages should you get into an accident or should your car breakdown. We know there's a lot of information included in that packet. We can help you look it over so that you can have peace-of-mind while you are concentrating on keeping at least two-to-three car lengths between you and the car in front of you.

**During the storm.** If you need to travel during a storm, give yourself plenty of time to get to your destination and remember: Posted speed limits are for optimal driving conditions, so slow down. If you must pass snow plows, which isn't a good idea, pass on the left to avoid the plow and all the ice, rocks and snow it might kick up on the road. Always drive with your lights on and make sure your tires are inflated properly—cold weather conditions can make your tire pressure drop dramatically.

Be safe out there and remember: If you get into an accident, we are here to help you get your car up and running again as quickly as possible. Give us a call or stop by—we are here to help you handle your winter insurance needs and concerns.



## PERSONAL UMBRELLA INSURANCE

Often, we hear about a jury somewhere awarding hundreds of thousands of dollars in damages to an accident victim. A commuter on his way home runs a red light, and accidentally hits and severely injures a bicyclist. The bicyclist sues for \$750,000 and wins.

### THAT COULD BE YOU!

No, not the unfortunate bicycle rider. You're the commuter, who at the end of a long day, flirted with the tail end of a yellow light, and now you're wondering where you're going to find several hundred thousand dollars. You see, while your auto policy covered \$500,000 of the tab, you're left holding the bag for the balance.

Don't worry: You aren't doomed to a life of financial ruin. That wasn't really you, and there's still time to call us to see if personal umbrella insurance is right for you.

### WHAT IS PERSONAL UMBRELLA INSURANCE?

Personal umbrella insurance is designed precisely for the far-too-plausible scenario outlined above. It is protection above and beyond your auto and homeowners policies, that picks up where they leave off. Below are two of the coverages typically offered by a personal umbrella policy.

- **Personal liability:** This is the coverage illustrated in the example above. It covers more than bodily injury, though: damages caused by slander, libel, defamation, detention, confinement and related allegations and more. While usually a backup when your main policies aren't applicable, this will be your primary coverage.

- **Defense:** This coverage will pay to defend claims or suits for damages based on personal injury or property damage: expenses incurred in defense, premiums on bonds required in the suit, reimbursement for lost earnings and more.

Of course, this brief overview is in no way all-inclusive. Work closely with us. Let's determine if personal umbrella insurance is right for you.

## EVEN OUT OF THE WATER, YOUR BOAT IS AT RISK

The vast majority of seasoned boaters know the peril their vessel faces during boating season; collision, fire, theft and storms all pose considerable risk. However, when the sun fades in the autumn sky and your boat sits in your driveway or at a storage facility, your prized possession still is at substantial risk.

Sure, some of the risks disappear, but your need for insurance for your boat doesn't. In fact, a study by a major insurance company reported that between 2003 and 2006 two-out-of-10 claims in the northern United States were filed between Labor Day and Memorial Day.

So, while you can be fairly certain your boat will not be involved in a collision with another boat in your driveway, what about the accident in the boat yard? What about the security of the boat yard? Careless employees at a marina or storage facility could lead to a complete loss of your vessel. As boats are moved around and maintained, it doesn't take much more than backing up a trailer too far to send a boat tumbling. And, even while your boat sits in your driveway, theft and fire remain concerns that could lead to a total loss.

Comprehensive coverage, which will protect your boat against damage caused by circumstances other than collision is a must ... even while it sits under shrink wrap. And, of course, the liability of owning a boat is a year-round concern. What boat owner hasn't had a friend or relative over to work on his or her boat during the off-season? During these times, the chances of someone being injured on your boat, or because of your boat, is just as great as if you were taking friends out for a Sunday afternoon trip.

The majority of boat claims are for fire, theft, vandalism and flooding—and your boat doesn't have to be in the water for these things to occur. Remember, when the boating season has ended, it is the best time to contact our agency and make sure your comprehensive and liability policies on your boat are ready to protect you and your vessel during the long winter months.



## WHAT YOU SHOULD KNOW ABOUT CREDIT-BASED INSURANCE SCORING

What is a credit score? A credit score is a snapshot of your credit at one point in time. The credit information from your credit report is put through a mathematical formula (credit scoring model) that assigns weights to the various factors and summarizes your credit information into a three-digit number ranging from zero to 999. Generally, the higher the number, the more financially responsible the consumer.

### HOW ARE CREDIT SCORES USED BY INSURANCE COMPANIES?

Credit information has been used for a number of years to help insurance companies decide whether or not to accept insurance applications. Developments in information technology have led to the creation of insurance scores, number rankings based on a person's credit history, which give insurers a far more accurate way to assess the risk of future claims. Statistically, people with a poor credit history are more likely to file claims. Insurance scores are used to help underwriters differentiate between lower and higher insurance risks, which allows them to charge a premium appropriate for the level of risk assumed.

### WHAT AFFECTS A CREDIT SCORE?

Several factors determine credit scores. Each factor is assigned a weighted number that, when applied to your specific credit information and added together, equals your final three-digit score. Following is a list of common factors:

- Major negative items—bankruptcy, collections, foreclosures, liens, charge-offs, etc.
- Past payment history—number and frequency of late payments.
- Length of credit history—Amount of time you've been in the credit system.
- Homeownership—whether you own or rent.
- Inquiries for credit—number of times you've recently applied for new accounts, including mortgage loans, utility accounts, credit card accounts, etc.
- Number of open credit lines—number of major credit cards, department store credit cards, etc., that you've actually opened.

- Type of credit in use—major credit cards, store credit cards, finance company loans, etc.
- Outstanding debt—how much you owe compared to how much credit is available to you.

Are credit-based insurance scores really a good predictor of risk? A recent report issued by the Federal Trade Commission says credit-based insurance scores provide an objective and reliable tool for determining which drivers present a greater risk and therefore should pay higher rates.



# INSURANCE FRAUD: THE CRIME INNOCENT PEOPLE PAY FOR

Watch out: Insurance crooks are picking your pocket. These thieves are committing insurance fraud, one of America's largest criminal industries. Insurance fraud is a crime, and honest consumers and businesses pay the price.

Insurance fraud happens every day in every state. It doesn't discriminate. People of all ages and races are victims. The Coalition Against Insurance Fraud estimates that insurance fraud costs Americans at least \$80 billion annually. This breaks down to approximately \$950 per family.

Insurance fraud happens when people lie to an insurance company to collect money to which they are not entitled. Some may fake an accident, injury, fire or theft to collect money illegally from their insurance company. Some may exaggerate their actual loss to their insurance company. This may seem like just a little white lie, but it is still a crime, and it raises everyone's premiums.



## PROTECT YOURSELF

While you can't protect yourself completely from being a victim of insurance fraud, you can take some steps to be less of a target.

- Be wary if a car pulls in front of you suddenly forcing you to follow closely. They may be setting you up for a staged accident when they stop with no warning and blame it on something on the road, or another driver who pulled away.
- If a stranger contacts you after any accident and offers you quick cash or recommends a particular medical clinic, attorney or doctor, be cautious. They could be part of a fraud ring.
- Never sign blank insurance claim forms.
- Ask for detailed bills for all services and check them all for accuracy.
- Check and see that you received all the treatments and services listed on your invoice.
- Watch for double-billed or excessive charges.

If you suspect that you, or someone you know, is being taken advantage of by a fraudulent insurance scam, or if you know someone who is committing insurance fraud, contact our agency. We will help you report this crime.

## IMPORTANT NEW YEAR'S RESOLUTIONS

When you're making that annual list of New Year's resolutions, you may want to consider making some that have an impact on your pocketbook, and offer you financial piece-of-mind. Along with the promises to exercise and skip dessert, resolve to welcome 2008 with a better understanding of what your insurance covers; how to save money; and when it's wise to file a claim.

Insurance is something most people don't want to think about until they need it the most. But, understanding what is, and what isn't, covered in your homeowners policy can mean the difference between being able to rebuild your home and replace your personal belongings or not. Homeowners should do an annual insurance policy check up to make sure they keep up with local building costs and have adjusted their coverage to include home remodeling and additions. If

you don't have replacement cost coverage, consider spending a few extra dollars for coverage that pays for the cost of replacing the damaged personal property.

Did you know your standard policy does not cover flooding? You may want to look into flood insurance coverage if you're concerned that you're at risk for rising surface waters from any source.

What about a home inventory? Before a catastrophe strikes, make a home inventory that includes lists, pictures or videotape of the contents of your home. Having an up-to-date home inventory will help you get your insurance claim settled faster.

Call our agency today. We'll go over your existing policies with you and we will help you purchase insurance according to your determined need.