

Insights and Updates



216 E. Broadway, P.O. Box 557 · Salem, NJ 08079-0557
(856) 935-0845 · (856) 935-4223 FAX
www.hdyoung.com · insure@hdyoung.com



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Volunteering makes insurance advisable

Americans are generous in volunteering their time and services. Some people serve on professional or charitable boards. Parents typically support their children's school, sports and scouting activities by volunteering their time. Many people serve at organizations such as the Red Cross, Lions Club, Ski Patrol, Community Emergency Response Team, etc. Whatever you choose to do, you should know that at least some financial risk may go along with it. Volunteer activities present the possibility that someone may get hurt; that property may be damaged; that someone could be offended; or that some other harm could occur because of your actions. If the harm is severe enough, legal action against you to recover damages may follow.

Federal lawmakers recognized that liability for actions while serving as a volunteer might deter some people from giving their time to worthy causes. So, legislation was passed and former President Bill Clinton signed into law the Volunteer Protection Act of 1997.

Under this law, volunteers (persons who receive no more compensation than mere reimbursement of their expenses or anything else yearly valued more than \$500) will not be personally responsible for actions

within the scope of their responsibilities while serving 1.) a governmental entity, 2.) a tax-exempt Section 501(c)(3) organization; or 3.) any other not-for-profit organization that benefits the public with charitable, civic, educational, religious, welfare or health services. However, this immunity is limited to ordinary negligence, and it excludes harm caused by willful or criminal misconduct, gross negligence, reckless misconduct or flagrant indifference to the rights of others. It also excludes the operation of vehicles.

Despite lawmakers' intentions, this law leaves gaps in volunteer protection. No immunity exists for the use of vehicles; for harm caused while under the influence of alcohol or drugs; or for civil-rights violations. To get past the intended immunity, the person suing need only allege reckless misconduct, forcing you to defend yourself at your own expense. And, the law allows the nonprofit organization or governmental entity (or its insurance company) to sue you for damages it incurs.

New Jersey also has immunity laws (Section 2A:53A-7, 7.1, 7.2, 7.3; Section 2A:62A-6), so it will be necessary to compare the federal law and the state laws to determine the extent of a volunteer's immunity. In some ways, the state laws provide less protection. In other ways, they

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provide more. The good news is that a volunteer will enjoy the broadest protection derived from the combination of federal and state laws.

Unfortunately, both federal and state laws give only partial immunity. Such statutory protection does not eliminate the need for adequate insurance protection. If nothing else, you need the peace of mind that your insurance company will defend a legal action against you, even if it has no merit. That's why we recommend an umbrella or excess policy, so that rare, but catastrophic losses will be covered. And, when a defense is needed, it will be supplied by the insurance company. Between the partial legal immunity and the insurance protection we provide, you can serve your community as a volunteer and not risk your financial security in the process. So get out there and volunteer!

Long-term care—It's a family matter

Nearly three-out-of-four people reaching 65 will need some kind of long-term care. A nursing home easily can cost more than \$70,000 a year—and it's not paid for by Medicare.

How would your family handle the cost, should you or a loved one need this type of care? Sudden incapacity can add even greater urgency to this predicament that affects spouses, children and every family member. You owe it to yourself to have a ready answer to this question as part of your family's overall financial plan.

Fortunately, long-term care insurance provides the answer for many families. LTC policies can cover a variety of services, including in-home care to allow people to stay home rather than enter a nursing home.

While often considered, relying on Medicaid to fund long-term care is not an attractive option for most people who want to maintain control of their own assets. Normally, Medicaid only pays benefits or people meeting federal poverty guidelines.

Our state offers special LTC insurance policies that affect Medicaid eligibility rules, so purchasers can preserve more of a family's assets during an extended period of care. These are called "partnership" policies.

If you'd like to explore options for protecting your family's assets and providing flexible benefits to pay for care, contact our office about long-term care insurance.

Flood insurance—what every homeowner should know

Did you know homeowners insurance policies do not offer protection against flood losses? Floods are the most common natural disaster in the U.S. Given the amount of snow we get in the Northeast, the arrival of spring could bring some serious flooding in our area.

Although most people understand the need for flood insurance in high-risk or coastal areas, it is important to note that as much as 25 percent of all floods occur in low- and medium-risk zones. Flooded basements and sewer backups can be just as damaging as the huge waves that pound seacoast homes. The fact is, flooding can result from any period of heavy rain or snow melt, and it can happen in any part of the country. It is one of the most costly natural disasters that you and your home can endure.

If one hits, your home may need rebuilding and your possessions may need replacing. However, you can insure your home against floods and ensure you have the funds to rebuild in the aftermath with a specialized flood insurance policy.

Flood insurance typically has a 30-day waiting period before coverage goes into effect unless there is a mortgage then it is immediate. Therefore, if you are concerned that your home may be at risk for flood damage, give our office a call today, before it's too late! Unfortunately, too many homeowners find out too late that their insurance policy does not cover flooding. As your professional, insurance agent, we want to remind you that the time to purchase flood insurance is sooner rather than later.





Spring cleaning? Don't forget your insurance

With springtime here, you probably are thinking about spring cleaning and all those projects that were neglected during the cold winter months. But, have you given much thought to cleaning up your insurance policies?

According to a 2008 survey by Marshall & Swift/Boeckh, a company specializing in estimating construction costs, 64 percent of homes are undervalued; this means about two-out-of-three homes do not have sufficient insurance. In fact, the survey found that, on average, homeowners have only enough coverage to rebuild 81 percent of their homes. In the event of damage to the home, the results could be disastrous, both physically and financially.

This spring, think about reviewing your insurance policies and making sure you have coverage that fits your needs. Doing so might even result in lower premiums.

Here are some suggestions for reducing your homeowners insurance premiums:

- Consider raising your deductible. A higher deductible usually leads to lower premiums.
- Make improvements. Adding smoke detectors and a security system can help lower premiums. Upgrading

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or replacing your current electrical and/or heating system can help lower premiums as well.

- Don't make unnecessary claims. Filing claims for minor damage or routine maintenance can lead to higher premiums.

Some tips on reducing auto insurance premiums:

- Consider raising your deductible. Increasing the deductible on physical damage can lower the premium. Before raising the deductible, make sure you have enough money readily available to pay the higher deductible should something happen to your vehicle.
- Examine the need for comprehensive and collision coverages. An older vehicle may not require comprehensive and collision coverage. Consider the age and value of your car and whether or not you can afford to fix it yourself if you have an accident.

Remember, as your professional independent insurance agent, we can help you evaluate your current coverage and make sure you are properly protected at the best possible price. Give us a call today.

Domestic employees and workers' compensation coverage



Workers' compensation insurance requirements apply to a broad range of industries and occupations, which can include domestic employees inside a home.

The basic goal of a workers' compensation system is to provide wage replacement, medical treatment and other benefits, for employees injured, disabled or killed while performing their jobs. In turn, the employee often is barred from suing his or her employer for these benefits. It is important to determine whether the domestic worker is an employee. Various states and the federal government define employees in ways that reflect the actual work relationship, not what it is called by the parties.

For example, the Internal Revenue Service, in Publication 15A, states: "Under common-law rules, anyone who performs services for you is your employee if you have the right to control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are

performed." The document continues: "If you have an employer-employee relationship, it makes no difference how it is labeled. The substance of the relationship, not the label, governs the worker's status. It does not matter whether the individual is employed full time or part time." While this language is specific to the issue of taxation, it also is instructive for understanding state-based employment classification rules.

If you, as a homeowner, retain the services of a domestic worker, you may be required to purchase workers' compensation coverage. In New Jersey, all homeowners' policies must contain provisions covering domestic workers.

A homeowner may balk at purchasing this coverage believing that there is insurance coverage elsewhere. Indeed, a homeowners policy may provide coverage if a guest were to sustain an injury while on the premises, however, this protection does not extend to a domestic employee. Because of the intricacies of the law, your best bet is to give us a call. We will help you determine the appropriate coverage for your domestic employee.

News from our agency

Don't be fooled—**independent agents DO make a difference!**

Insurance and insurance pricing can be confusing. National direct writer companies spend millions of dollars advertising their products and even hire celebrities to tell you about the great rates they offer. They even give you a 800 number to call. How convenient!

However, with that 800 number, you lose the personal attention and advice that you will get from your local independent insurance agent. Unlike one-company agencies that represent a single insurance company, we will shop around and find you the best coverage for the best price.

Professional, independent insurance agents offer you personalized one-on-one service. We're right here in your community. We're your neighbors. We know your needs and wants. If you have a claim, we'll be there with you, whether it's at your home, office or scene of the accident. We're there when you need us.

Call our agency today to get advice on your insurance needs.

