

Insights and Updates

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The basics of 'fracking'

Hydraulic fracturing—now commonly referred to as "hydrofracking," or just "fracking"—is a method of drilling featuring the injection of highly pressurized water (and sometimes chemicals, gels, foams and compressed gases) to recover more oil and natural gas from subterranean shale rock and coal bed formations.

Opponents have focused on the environmental and health risks of this practice, such as ground water contamination, methane leaks into the air, migration of gases and hydraulic fracturing chemicals to the surface, mishandling of waste and the health effects of all these. While research on the environmental risks is ongoing, there does not yet appear to be conclusive data on the effects of "fracking."

Oil and gas companies sometimes approach homeowners or landowners for below-ground mineral rights in exchange for monetary compensation. If a homeowner were to allow fracking on their land, he or she should know how the insurance coverage would respond to this risk. The application of coverage under a homeowners policy for fracking is not really much different from its historical application to other mining risks.

There is no liability coverage for the homeowner. The typical

homeowners policy excludes business activities (with a few exceptions), and these exclusions would encompass the lease of the homeowner's property for the purpose of fracking.

There is almost no coverage for damage to the homeowner's property. The typical policy does not cover other perils that may possibly ensue from "fracking," such as earth movement, land erosion or pollution. Even adding the standard earthquake endorsement would not provide coverage for this type of earth movement.

If you decide to lease your mineral rights, you should weigh the risks against the rewards, and get competent counsel from an attorney first. There should be an agreement for the oil and gas company to hold harmless the homeowner, requiring it to defend and indemnify the homeowner from any loss or damage incurred from its operations, which may not be discovered for years. You also should be added as an insured on the policy insuring the oil and gas company. Obviously, you would need to exercise care in the selection of the company it contracts with to do the fracking.

If you have further insurance questions about fracking, please contact our agency. We are happy to assist you.

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Coverage limits for teens and parents

It's always an anxious time when your children are learning to drive. In addition to worrying about their safety, there are financial implications to consider. Anticipating higher insurance rates, many parents look for ways to cut costs when obtaining coverage for their children.

Some people think they may be able to save a few bucks by allotting much lower limits to children driving under their policy. While doing so may lower your premiums, it is a gamble. It's widely known that teens are more at risk for serious accidents than all other drivers in their first few years behind the wheel. Should the unthinkable occur, legal, medical and repair costs could exceed those low limits easily and leave you responsible for covering bills on your own. It's usually best to apply the same limits across the board for all drivers on an auto insurance policy. Extend the same protection to your children that you have for yourself.

Adding a teen driver to your policy will affect your premium, but there are a number of other ways we can help you stretch your insurance dollar when adding a child to your auto policy, such as discounts for multiple cars, making sure to assign the most at-risk driver to the policy's lowest-value vehicle, earning good grades, defensive driving courses and more. You don't have to skimp on coverage. Contact us for the strategy that best fits your situation.

Are your collectibles at risk?

If you believe the movie industry's interpretation of a typical burglary, you'd think that only cash (and possibly silver) are targets for thieves looking to get rich. This couldn't be further from the truth. Anything from art collections to moon rocks have been targeted by thieves.

You may have spent years and a lot of money on your collectibles. Have you thought about insurance? What happens if something happens to your collection? Anything from a natural disaster or something as simple as an item being dropped is possible. Will your current insurance cover your collection?

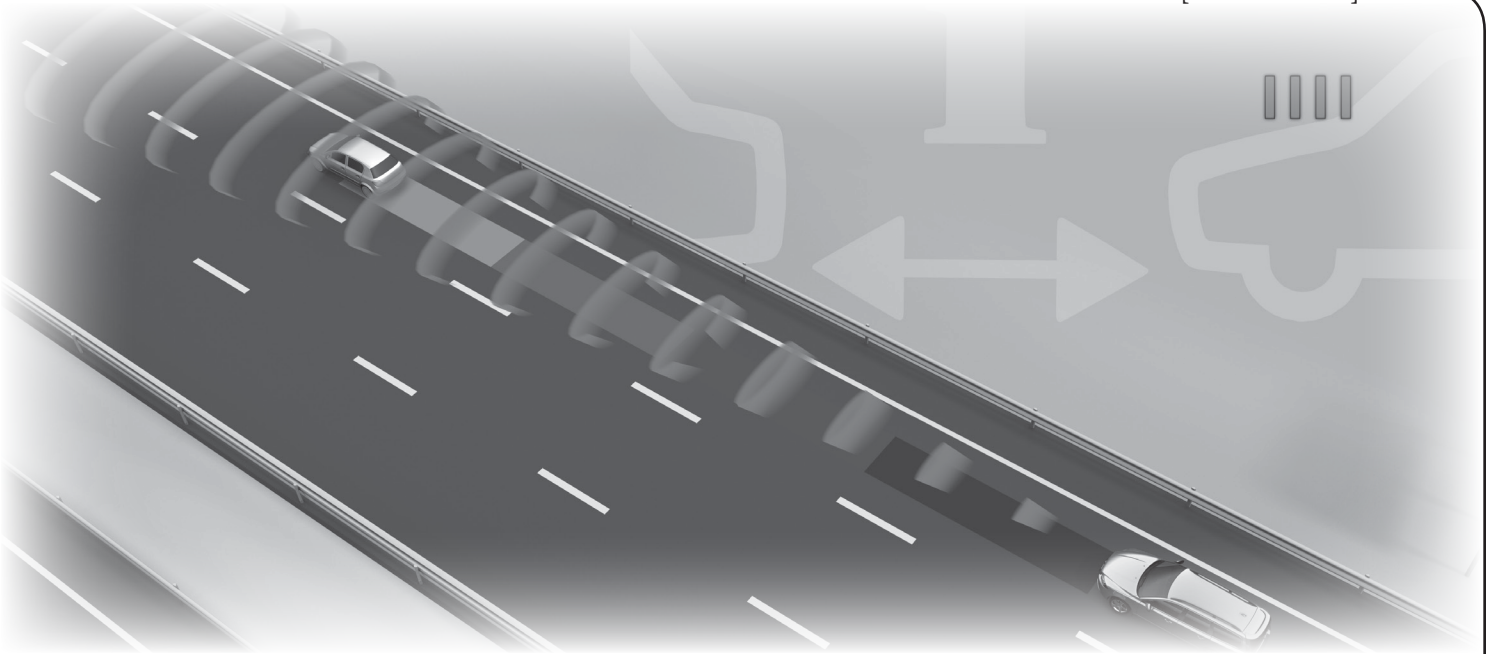
Unfortunately, the answer is not always what you'd expect. If you have homeowners insurance your collection will likely, at least partially, be covered, but it could be grouped with other personal property. Ask yourself, "Do I collect anything unusual, of extraordinary value or special interest?" If the answer

is yes, give us a call. We will help determine if a special endorsement or separate insurance policy should be written for your collection. We also recommend doing an inventory of these items. Have the items appraised, keep any sales receipts and take photos and/or videos of your collectibles. This will help determine the type of policy you need. Store the inventory in a safe place, off premises, such as a safety deposit box and update the inventory each time you add to the collection.

After you've gotten the insurance you need to cover these items, review the value of your collection every three to five years, and adjust your coverage as needed.

Give our agency a call and we will get started on making sure you have the right protection for your collectibles.





Technology while driving: New dangers, novel solutions

Recently, many auto manufacturers have begun incorporating technologies that allow a car to react to situations possibly quicker than human can. According to Highway Loss Data Institute data, these technologies—such as electronic stability control, forward-collision avoidance systems, adaptive headlights and others—are associated with reduced number and severity of crashes.

Electronic stability control uses computer-controlled braking to minimize the risk of rollovers and other crashes that tend to occur during sudden stops. Forward-collision warning systems notify drivers when their vehicles are closing on traffic ahead too quickly (i.e., when they are about to crash). Some of these systems even trigger autonomous braking if the driver doesn't respond in time. Adaptive headlights take into account vehicle speed, steering wheel position and other factors to aim light where the vehicle actually is going (rather than simply straight ahead) to help drivers better see around turns in the dark.

HLDI found significant reductions “in claims under property damage liability insurance, which covers damage caused by the insured vehicle to another vehicle or another's property, and collision insurance, which covers damage to the insured vehicle,” as well as fewer “injury claims of all types, both for injuries to occupants of the insured vehicles and to other road users” with

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adaptive headlights specifically.

Two technologies make a right?

We are used to technologies making for added distractions in our driving experiences. Satellite radio, video players, cell phones, GPS and more

all take our eyes and our focus off the road, if only for a moment. The U.S. Department of Transportation's National Highway Traffic Safety Administration estimates that in 2010 more than 3,000 people were killed and 416,000 others injured in the U.S., in accidents attributed to distracted driving. Texting while driving is one of our leading distractions. Even though many states have laws against it, drivers still text away.

Perhaps technology can solve this problem too. One service, tXtBlocker (www.txtblocker.com), uses velocity and geographic algorithms to selectively disable texting and other functions whenever a user is driving. In this fingertip-technology time, this could be a good way for parents, employers and those of us who struggle against the urge to text and drive to prevent the dangerous habit.



Insurance and the divorcing couple



Divorce is not a happy event in anyone's life and our agency wishes none of our clients ever had to endure it. But, it happens. And if it does, both parties have much to consider, including their insurance. If you and your spouse are separating or discussing divorce, insurance may be the last thing on your mind. It may be helpful to call our agency and discuss the following:

Your home—If one party in a divorce moves out of the home and the other party remains, the current homeowners or rental policy can be maintained. However, the departing party (if named on the deed of the home) must be changed to an “additional insured” on a homeowners policy and removed from a renters policy. Also, items that were scheduled (such as separately insured electronics, jewelry and other valuables) will have to be insured on the appropriate owners policy.

Cars—A vehicle is required to be insured in the name of the person to whom it is titled. So, as possessions are separated, each owner should have his or her own insurance.

A co-owner of a vehicle who does not live in the same household must be listed on a policy as an “additional insured.”

When it comes to children who are of driving age, they need to be listed on the policy of the parent who is their legal guardian. In cases of joint custody, the policyholder of the address where they primarily reside should list them (although for joint custody, it is not uncommon for both policies to require them to be listed).

Other policies—If, as a couple, you have an umbrella policy, you should review and update it so your new situation is reflected and necessary changes can be made. Umbrella policies require specific limits, so make sure that you meet those requirements. If you have life and health insurance policies you may want to revise them, as well.

Any life change—happy or sad—can be stressful. We encourage you to contact our agency early in the process. We can help with the details.

News from our agency

Is your car covered if someone else is driving it? The comprehensive and collision sections of your auto insurance policy are attached to your car, not to you, so most policies with comprehensive coverage will cover your vehicle if another person is driving it.

In addition, an auto insurance policy's liability coverage follows the vehicle. Therefore, if you loan your car to a friend who has his or her own auto insurance policy, YOUR policy will be responsible if that person causes an accident.

Before you offer to help a friend in need, why not give our agency a call? We can review your auto policy to make sure you have all the insurance coverages you need to make sure you and your car have the necessary protection.

Some other things to consider before you hand over the keys: Is the person you are lending the car a licensed driver in good standing (with his or her own auto insurance policy)? Is the driver a newly licensed individual in your household? Any new drivers in your home need to be added to your policy before they get behind the wheel of the car.

Remember, if you have a question about your auto policy—give us a call. We will answer your questions, give you peace of mind and allow you to go about your day with the knowledge that you will be covered should something happen to your vehicle.

