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Insurance & Financial Services

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Staying in touch Keeping you informed on Personal Insurance issues



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Do You Know What Your Insurance *Doesn't* Cover?

Before you experience a loss, it's worth taking a few moments to review your insurance policies, including **homeowners** and **auto insurance**. Generally, insurance policies carry **exclusions**—restrictions on what *is* and *is not* covered. Here are some common insurance exclusions:

Homeowners Insurance

Flood and earthquake damage is generally excluded from standard homeowners policies. To cover flood damage, you must purchase separate flood insurance. However, you may be able to add earthquake coverage to your homeowners policy. A separate deductible will apply, and the additional premium amount will depend on your property's susceptibility to earthquake damage.



Most homeowners policies cover water damage that is *sudden* or *accidental*, such as roof damage from a storm or burst pipes. However, damage due to *gradual deterioration*, such as a continual plumbing leak, may not be covered.

If you own a home-based business, your policy may exclude business-related activity in your home. You may buy separate insurance to cover business equipment and personal liability for visitors on your property.

Auto Insurance

If you share a residence with someone and you drive their car, it's best to be listed as a driver on that person's policy.

If you use a vehicle belonging to someone with whom you do *not* share a residence, coverage may depend on how *regularly* you use the vehicle. Even if you use the vehicle as seldom as once a week, you may still be considered a "regular user," excluding you from coverage if you are not listed on the policy.

If you're unsure of your policies' exclusions, feel free to give us a call. One of our qualified insurance professionals can help you understand what your insurance does and does *not* cover, as well as assist you in securing any additional protection.

Safety Tips for Anti-Lock Brakes

In an emergency, anti-lock brakes can help you control your car's steering by preventing the wheels from locking up. But, it can take time to get used to them. If you own a car with four-wheel anti-lock brakes, consider the following safety tips:

Practice braking in an empty parking lot. Maintain *firm* and *continuous* pressure on the pedal when braking. *Don't* pump the brakes as this turns the system on and off. ABS, an anti-lock braking system, pumps the brakes automatically, at a much faster rate, while allowing for better steering control.

Steer *away* from danger when applying the brakes. Allow a distance of at least three seconds between you and the car in front of you. If conditions are hazardous, consider allowing more time.

When used properly, anti-lock brakes are a great safety feature. Consult your owner's manual for additional driving instructions.

Valuation “Insures” Protection

Is your family heirloom a hidden treasure? Television shows featuring auctions and appraisal fairs have ushered the art of appraising into the limelight with fascinating stories—an ancient artifact unknowingly passed down from generation to generation, a rare trinket picked up at a yard sale, or an historic relic found tucked away in the corner of an attic. While **appraisals** occasionally lead to surprising discoveries, they may also play a key role in developing financial plans. If you know you own expensive items, such as antiques or artwork—or even if you think you might—consider having your valuables appraised for insurance, estate planning, and tax purposes.

A certified appraisal is an expert valuation of property. Appraisers, practitioners of valuation, are professionals trained to assess value based on formal methodology and in compliance with standards and codes of conduct generally practiced in the field. An appraisal can help you make informed financial decisions, as well as provide you with professionally prepared documentation should you need to validate your property's worth to a third party, such as the Internal Revenue Service (IRS) or an insurer.



The “Value” of an Appraisal

Appraisals can help you secure appropriate insurance coverage, plan your estate, and develop tax strategies. You may not be able to put a price on your antique clock, but an independent appraiser can. Knowing the worth of your valuables can help you tailor your financial plan to your needs.

For insurance purposes, valuation can help you choose appropriate coverage for your property, as well as receive the reim-

bursement to which you are entitled in the event you need to file a claim. In general, the maximum benefit under **homeowners insurance** policies applied to the contents of a home is 50% of the coverage bought for the house, though it may be 75% under some policies. Furthermore, most homeowners policies limit coverage for expensive items, such as furs, jewelry, and silver, but protection may be offered at an additional cost.

Under most standard policies, the most that may be claimed for loss to a particular category of property (such as jewelry, furs, or firearms) is limited (\$1,500 or \$2,500 is common). The category limitations may be increased for an additional premium. Broader coverage for losses that are not included in the basic policy, such as mysterious disappearance or breakage, can be obtained via a **“scheduled personal property endorsement.”** This coverage extension will usually require you to supply bills of sale or appraisals dated within the last few years. Choosing the best approach, either by increasing the existing limits of coverage or scheduling items separately, depends on the possessions involved and the premium formulas of the insurance company.

Certain events, such as death and divorce, often call for the equitable distribution of property. When a person dies, all possessions of the deceased play a part in the cumulative value of the estate, so having appraisals for the items of value will assist in the division of the estate, as well as the determination of estate tax. Probate often requires that an entire estate be inventoried and valued. In the event of a divorce, appraisals often assist with the division of marital property. Consult your attorney for legal advice.

If you donate an item to a charitable organization, an appraisal may be needed to show the IRS that the charitable donation is worth what you claimed on your tax return. The IRS generally requires a qualified appraisal for deductions over \$5,000 claimed for a single item or a collection of similar items, such as coins. Consult your tax professional for more information.

Appraisals may play a valuable role in your overall financial plan. They can help you determine your insurance coverage, as well as your estate and tax strategies. Consider appraising your prized possessions *before* the need arises.

For Your Information

Hot Tips for a Cool Summer

The Centers for Disease Control and Prevention (CDC) offers information on a number of health and safety topics. For summer safety, visit their Healthy Swimming and Recreational Water webpage to learn how to minimize the risk of injury, sunburn, drowning, and recreational water illness associated with oceans, pools, lakes, and spas. Visit www.cdc.gov/healthywater/swimming/index.html for more information.

Be a Smarter Consumer!

The Federal Citizen Information Center (FCIC) is a one-stop source of information about consumer problems and government services. The 2009 Consumer Action Handbook is full of helpful tips on preventing identity theft, reclaiming lost luggage, understanding credit, filing a consumer complaint, filing for bankruptcy, buying a car, finding a lawyer, planning a funeral, etc. It also includes a wealth of resources for these topics. To order your free copy or view the handbook online, visit www.consumeraction.gov.

Help for Domestic Violence

The National Domestic Violence Hotline is available 24 hours a day, 365 days a year for victims of domestic violence and anyone calling on their behalf. Advocates provide crisis intervention, safety planning, information, and referrals in all 50 states, Puerto Rico, and the Virgin Islands. Assistance is available in English, Spanish, and over 100 other languages. For assistance, call 1-800-799-SAFE (7233); 1-800-787-3224 (TTY); or visit www.ndvh.org.