



Home-Based Business... Are You Covered?

Recent statistics released by the International Data Corporation (IDC), a national research firm, report that there are about 35 million home-based businesses in the United States. *Newsweek* reported that in 2005, 50 percent of households in the United States were involved in some type of home-based business.

Home-based businesses have a higher success rate than other business ventures, according to the Home-Based Business Institute. The institute claims about 70 percent of home-based businesses will last more than three years, compared to 29 percent of other businesses. Annual revenues for home-based businesses are nearly \$400 billion.

Homeowner policies are designed to insure the average person. Insurance companies have no desire to provide professional liability, on a wholesale basis, in their personal homeowner insurance policies. Most homeowner policies contain two, and sometimes three, specific exclusions relating to business. The first exclusion denies coverage for rendering or failing to render professional services. The second exclusion typically reads "we do not cover bodily injury or property damage arising out of business pursuits of an insured person...."

What is a business pursuit? Most insurance companies define a business pursuit as being an activity undertaken with the expectation to earn money and, hopefully, to make a profit. Would this mean that your 10-year-old's lemonade stand is a business pursuit? Probably not. But, part-time baby-sitting is a business pursuit, and you need special coverage to protect you. For some activities, coverage can be endorsed onto your homeowners policy, while other more complicated activities require more sophisticated policies.



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Roll Over Statistics for SUVs and Pickups

The National Highway Traffic Safety Administration released its 2008 rollover crash statistics for trucks and vans.

The best results for vans in 2008 were: Chrysler Town & Country, Dodge Grand Caravan, Honda Odyssey, Hyundai Entourage, Kia Sedona and Nissan Quest. Each earned five stars in frontal and side crash tests and four stars in rollover tests.

The best results for pickups in 2008 include: Chevrolet Silverado 1500, Dodge Dakota, GMC Sierra 1500, Honda Ridgeline, Mitsubishi Raider and Toyota Tacoma.

While roll over crashes for passenger vehicles amounted to only three percent of crashes, nearly 33 percent of vehicle fatalities resulted from roll overs. Vehicles such as SUVs and pickups have a higher center of gravity making them more susceptible to roll over.

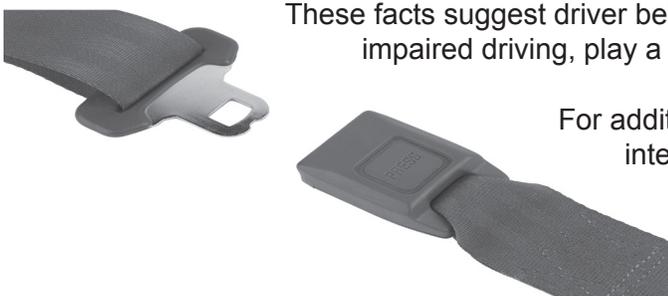


Speed is a major contributor to fatal roll over crashes. Nearly 40 percent of crashes involved excessive speed, and 75 percent of fatal roll overs took place where the posted speed limit was 55 mph or higher.

The Facts:

1. Most rollovers do not involve another vehicle.
2. Alcohol is a major contributor in at least 50 percent of fatal rollovers.
3. Undivided rural roads are a common place for rollovers.
4. Failure to buckle safety belts results in more severe injuries and fatalities.

These facts suggest driver behavior, such as distraction, inattentiveness, speeding and impaired driving, play a significant role in these fatal crashes.



For additional information, visit www.safercar.gov and use the interactive search feature to find the safety ratings of your vehicle.

Boys Make Better Drivers With Girls in Car

A recent study by the National Institute of Child Health and Human Development found that when a girl is in a car with a young male driver, he slows down and drives more carefully. The opposite is true if there is another young male in the car.

However, the same cannot be said for girls. It seems that when a teenage girl is alone in the car, she drives more safely. Put another person in the car, boy or girl, and a teenage girl will drive with less regard for safety.

The Insurance Institute for Highway Safety, a research group funded by the insurance industry, reports that when there is a teen passenger in the vehicle with a teen driver, the risk of crash is twice as high. When you have two or more passengers the risk can climb to five times as high, according to the institute.



All but 17 states restrict the number and/or ages of passengers that new drivers can carry. Parents are the main enforcers for these restrictions as law enforcement generally ignore this restriction unless the teen is involved in some other infraction.

Where Do You Go and What Do You Do When the Unthinkable Happens to Your Home?

Additional Living Expense Coverage

The unthinkable happens – a faulty electrical connection causes a fire in your kitchen. While the fire is isolated to the kitchen, there is smoke damage throughout the house that makes it unlivable. There is an often-overlooked coverage in your homeowners policy that can help you out in this situation.

Additional Living Expense (ALE) coverage is an automatic part of your homeowners coverage. The coverage limit is usually about 20 percent to 30 percent of the limit you carry on the house structure. So, if your house is insured for \$100,000, you would probably have at least a \$20,000 limit for additional living expense.

The key to understanding this coverage is the term “additional.” ALE coverage pays for expenses that you wouldn't have if not for your insurance claim. If your meal expenses are higher than your grocery expenses were before the loss, this coverage will pay you the difference. The goal of this coverage is to keep you in the same financial condition as before the loss. The coverage pays for temporary living expenses such as living facilities, meals, moving expenses and temporary rentals.

Leaky Pipes

An often-misunderstood claim involves pipes that leak from within a confined wall-space. Leaking water can cause serious damage to drywall surfaces. If a leaking pipe goes unnoticed for a period of time, mold can accumulate in the wall and require expensive remediation.

You now have determined that the large wet spot on the ceiling of your living room presents a problem and you give us a call. We explain that there is no coverage for the leaking pipe itself if the cause of the loss is gradual deterioration, or wear and tear. It is not sensible for a homeowners policy to pay for loss because something is wearing out. If it is determined that the damage was caused by the sudden release of water from within a plumbing system, and if the loss to property is caused by water not otherwise excluded in the policy, the cost to tear out and replace that part of the structure that is required to be removed to get to the burst or leaking pipe section or joint would be covered.



The information in this newsletter is meant as a guideline only. There is nothing in this newsletter that alters the coverage or interpretation of any specific policy. Because some statements are generalizations, and because different companies' policies contain slight differences, please refer to your specific policy. Call our office before making any judgments or decisions concerning your particular situation and coverage that may, or may not, apply.

Thanks for choosing a Professional Insurance Agent

