

# INSURANCE Roundup

August 2007



## Auto Policy Limits Discussed

Most people carry auto insurance but few understand how their policies would pay in case of a claim. The most information people will usually be able to give you on their policies is the deductible amount they have in case of a collision, a broken windshield, or part of the liability information they have. Since most people are aware of what their deductibles are I am not going to get involved in that part of the discussion in this article. What I want to address is the liability part of the policy. In other words, if you have an accident and you are in the wrong how much will your policy pay? For years there have been two types of auto liabilities written; either a **Stated Amount Policy** or a **Combined Single Limit Policy**.

**Stated Amount Policy:** If you have a policy that has limits of 250,000/500,000/250,000 you have a stated amount policy. In the event you cause an accident, your policy would pay, \$250,000 for each person you injured. The policy would pay a total per accident for all bodily injury you caused of \$500,000. Additionally, the policy would pay up to \$250,000 for damage to property of others. In other words, the third amount listed on your liability coverage is how much money you have available to pay for the other auto, autos, or property you damage. The total amount this stated amount policy would be able to pay out would be \$750,000 or a total of the \$500,000 available for the total bodily injury and another \$250,000 for property damage.

**Combined Single Limit Policy:** This type of policy would simply have one amount listed of for instance \$500,000. This policy does not limit certain amounts to each person, or property damage. In a Combined Single Limit Policy, the entire policy limit could be used Per Person, Per Accident, or entirely for Property Damage. Although in the above example, the Combined Single Limit Policy would only pay out a total of \$500,000 as you can see, the amounts are far more flexible. In addition, both of the above policies would be able to mate up with an overlying liability umbrella which could take the individual coverage amounts up to an additional \$1,000,000 or whatever limit of umbrella you purchase. One common thing I see in looking at the work of the TV telemarketer type of agent

is they many times on Stated Amount Policies will write too low Liability and Property Damage limits. Why? Because by writing lower limits they can be "cheaper." Remember, these people are simply selling a policy, the fact the policy they are selling may well be inadequate for your needs is of no concern to them. They don't live in your community, they will not be your agent/advocate when the claim happens, and most likely they will not even be in the insurance business any longer when you do have your loss. All they want to do is sell you a policy. This poor coverage issue is especially true of the Property Damage part of these policies. Time and time again we will see limits written by these telemarketer agents for Property Damage Coverage of \$50,000 or \$100,000; both amounts which are way too low in this day and age. There are literally dozens of autos out there worth over \$100,000. If you cause one to be totaled and you have only half enough coverage you will be on the hook for the rest, personally. What if you cause a multi-car pileup, or worse, what if you force a tractor trailer into the ditch? Many of these units and their cargoes are worth over \$1,000,000. My purpose here is to get you to talk to us about your auto policy Liability/Property Damage Limits and the type of policy you have. In most cases if your limits are too low, we will have already talked to you about it. However, many of you may carry coverage you have purchased from other agents or telemarketers that is simply obsolete and inadequate to protect you in today's world. Raising this coverage to a solid level is not expensive. If you have any questions on it let us know and we can come out and go over it with you.



## Scott Backes Optimistic?

I don't know who first started to notice it but over the years, it has kind of become apparent that Glenburn area farmer Scott Backes can sometimes be a bit pessimistic when talking about the condition of the crop he has in the field on any given year. This is not necessarily a bad habit since the old adage "don't count your chickens before they are hatched" is still good advice. However, it is just possible that Backes may actually be considered to be a bit too pessimistic from time to time. That is why this past week at the North Dakota State Fair when I ran into Scott and was talking to him I was blown away when I asked him how his crop was doing and he said, "It's the best crop we have ever had in the field." Wow! Well, there you have it folks. When Scott says it's a good crop, chances are you can take it to the bank. At least north of Minot. It's really great to see good yield potential, and good prices at the same time, isn't it? Hope the trend continues. Thanks, Scott for the good news!

## Editorial

The insurance business is one of the most competitive businesses in the world. Probably because of this and ever in search of ways to be more competitive, insurance companies seem to be constantly wanting more and more information from their clients to better define and service their risks. The companies don't do this to make the clients mad they do it in a constant effort to be as competitively priced as possible while still providing a good solid insurance product for the client. However, in recent years it seems this information gathering process has reached epidemic proportions, hasn't it?

This insatiable need for more and more data has gotten so bad that in fact, several years ago a wise insurance counselor named Casey Tompkins, made the statement...*It seems with all the endless information these companies think they need it seems they are becoming "Information Junkies."* At the time I thought he was being a bit harsh, but in view of the endless additional information being requested I am starting to agree with him. We represent dozens of insurance companies and although some are better than others about needing more and more data, I guess it doesn't matter who the company is there is a constant stream of requests for "more information" coming our way. This doesn't bother me much as I figure fine, they probably need the information so let's contact our insured, gather the information requested and get it back to the company as soon as possible. Hey, you might be surprised but actually, most of the time these requests for information make lots of sense. In other words are there any new drivers on the policy, do the children qualify for "good student" discounts, has the roof of the house been replaced after the hail storm so the client can get the new roof discount, is the house adequately insured to account for rising building costs etc. Many times by getting the necessary updated information the client will get a lower premium. Since we insure over 4000 people we get requests such as this every day and in the course of a year handle hundreds of them.

However, where the problem comes with the Insurance Industry as a whole, is many insurance agencies don't get the information requested to the insurance

companies in time or resist getting it at all and so largely because of a few bad agents, over the years some companies have resorted to "outsourcing" the gathering of this information. In other words they bypass the agent entirely. What bothers me about this is that my agents and I are simply lumped into the general mind set by some companies "that agents won't get this work done" so we will hire it done for them. This "outsourcing" may be in the form of using a telemarketer type of service, or even sending a form out to you the client and asking you to fill it out yourself and send it back. Both of these types of systems are bad and both cause huge amounts of errors in the information gathering process. An example of this would be if you get a form in the mail from your auto insurance company asking how far you drive to work. You say 20 miles. The company then surcharges you for driving extra miles. What got left out of the discussion was the fact maybe you are furnished a company car and don't even use your own car for that drive to work. Nonetheless, by filling in the wrong information, you will be charged an extra unfair premium. Another huge problem we have is when commercial companies send out audit forms for clients to fill out. Many times the client will fill the form out wrong without the help of the agent. The result is an incorrect and usually too high premium charge. My point is this. If you fill any form out without consulting your agent, in many cases it will be wrong. Just as bad as filling the form out yourself is when the company out sources the job to a telemarketer firm. Now most likely you have an unlicensed, unknowledgeable, probably part time, maybe out-of-the country person talking to you and asking questions about your insurance program. Again, the possibility of error is very high and mistakes do get made if you answer the questions without consulting your agent first.

Solution: It is simply a good business practice for you to NEVER fill out any insurance form sent to you without having

your agent help you. In addition, if someone other than your Western Agency, Inc. agent calls you on the phone and wants to "go over" part of your insurance program, or do a quick "audit" of your company operations, there is no cause to worry. Most likely the information is needed and will help; not hinder you. The only caution is simply tell the person on the phone you want your own Western Agency, Inc. agent to gather the needed information or at least be there when the requested information is given. Then give us a call and at your convenience we can



come out to see you, or get together with you on the phone, or meet with the "out source" person getting your information, and make sure this information is recorded correctly THE FIRST TIME. We are happy to do this; it keeps the flow of information correct; it reduces premium hassles and is simply the best way to get things handled. Due to all of this new automation in the insurance business, we, like the rest of the world, are in a time of change. We all know this and sometimes in these periods of change companies can get things out of whack until equilibrium is again reached. The bottom line is if you have a good client, who has a good agent, who has the client insured with a good company, everyone wins. You are a super client or you probably wouldn't be insured with Western Agency, Inc. We are a premier agency who hires the best agents in the business. We only represent the best of companies. Therefore, all the mechanism is in place. Just give us a call so we can make it work for you.

Thanks for your business!

A handwritten signature in black ink, appearing to read "Chuck Tompkins".

Chuck Tompkins

## Westy Hat



The unknown, unseen, and anonymous Wear Your Westy Hat contest judge has been on the prowl once more. This past spring while attending an auction sale in the Glenburn area, he spotted Westhope area farmer Jerrad Ballantyne, and Glenburn area farmers Dave Weber and March Stevens all wearing their favorite Westy hats. Berthold area farmer Alan Lee was interviewed on the news this spring wearing his Westy hat, and Curt Christopherson was not only wearing his favorite Black Westy hat this past week in Minneapolis, but it was at his own company's Crop Insurance meeting. Wow! I have no idea how the all secret judge heard about it but nonetheless, the information on Christopherson got to him. In addition, it has been further reported to the judge that people in the Oakes area are convinced that wearing their Westy hat is helping prevent UV damage to hair. Oakes resident Bruce Skjefte, Jim German, and Brad Schmitz all were seen wearing their hats and Schmitz swears it is helping keep harmful UV rays off his head and he says others in the area feel the same way. Actually, it was lucky the judge saw Skjefte or German at all because they, like so many Westy hat wearers really like the almost invisible Camo Westy hat. Finally, youngster Levi Lenton son of Lance and Tina Lenton was seen in his favorite Black Westy hat these past few weeks. Of course \$50 gift certificates will go out to all winners at the best eating places in their area. In Westhope it will be M&D Pizza home of the Westhope's best pizza, Glenburn winners will be going to the Panther Country Café where the food is fantastic. Of course in Berthold it will be The Tumbleweed Café for some excellent home cooking, in Oakes it will be the home of the absolute best Broasted Chicken in the world, Cline's Restaurant, and in Minot I understand it will be Sammy's Pizza because Levi loves Sammy's Pizza. Since Christopherson does not live in a town where Western Agency, Inc. has an agency, but since he comes to Minot quite often we are sending him a \$50 gift certificate for some great food at the Homesteaders Restaurant in Minot. Our thanks to all of you for wearing your Westy hats!

## Westy Shorts:

**Cheap Insurance Discussed:** In past weeks several of our clients were offered quotes for commercial insurance at very low rates from a competitor of ours. On closer inspection it was found there was quite a bit of coverage missing from the quotes this other company was giving out. Further, we informed our clients this company was developing a bad reputation for settling losses poorly. We ended up keeping our clients. This very same company, Farmers Insurance Group, was recently fined \$750,000 by the State of North Dakota Insurance Department for intentionally underpaying clients on claims. It was the largest penalty charged an insurance company in the State's history. The company denied the allegations but paid the fine to "get the dispute out of the way." Whatever. We are lucky that in North Dakota we have an Insurance Commissioner like Jim Poolman, who cares, and dares to keep big business in line.



**Moped Coverage:** Due to the increased cost of gas many people are buying mopeds. Are mopeds automatically covered? Not in all cases. Not in many cases. Actually, come to think of it, they are seldom if ever automatically covered. If you have bought one, give us a call and we can check it out for you. If you do have to insure them separately, the cost is very minimal.

**Employment Practices Liability and Employee Benefits Liability Insurance:** There are many gaps in commercial insurance when it comes to protecting you from mistakes made in handling employees. One of these would be if an employee got unwittingly dropped from your medical

insurance and then had a claim, or if they leave your employment and you mishandle how you sever the agreement, discrimination, or many other things. Virtually no "automatic" coverage exists for this insurance coverage gap with any company. As an employer you need to be aware of the types of claims you may have and how to cover yourself for them. We are talking to our clients about this as their policies renew but what if you have the claim before your renewal date? If we have not talked to you about this yet and it concerns you give us a call and we will get to you right away. This type of coverage is not cheap until you have a claim where you would have needed it. Give us a call and we can explain it to you.

**Terrorism Coverage:** I don't think there is an agency in existence that tries harder than Western Agency, Inc., to get their clients to purchase adequate coverage but occasionally a coverage is dropped on the customer that may be a bit off the wall. One of the really ridiculous things to come out of 9/11 was the fact that now most commercial insurance policies have to cover terrorism. I guess the reason this coverage was put into most policies was that by putting the coverage in automatically there was no question of whether or not it had been left out and it is left up to the client to request the coverage be removed. There is however, a premium charge made if you have the coverage left in your policy and the cost to leave this coverage in force on a large commercial policy can in some cases be several hundred dollars per year. Although we have talked to virtually all of our clients on this and most of you have taken the coverage out of your policies to save premium dollars, the other day we found one that had slipped through. If you have any doubt if this has been done in your case, give us a call and we can double check it for you. If you are not too concerned about El Guido or Al Segundo, or whatever they are called these days, attacking your business let us know so we can take the coverage out.

**Borrowed Or Rented: Again.** Just one more note that as harvest approaches and since we are in the height of construction season, as well as the lake recreation season—if you borrow, use, rent, lease or lay your hand on someone else's property to use it—in many cases it may NOT be AUTOMATICALLY covered. If you have any questions on this give us a call. Before the claim happens. We are here 24/7/365.

## Photo Op Story Continues...

Big Brother is not only watching, but if you get a red light violation in Arizona you had better be interested in taking a Remedial Driving School from him. If you remember in the last newsletter I jokingly mentioned that yours truly had gotten a red light violation in Arizona and; as per the letter I received from the municipality where the dastardly deed was committed, I paid the \$200 fine in lieu of taking a defensive driving school. Now, what I find out and what was NOT put in the original letter I received, was that IF you do not take the defensive driving school, the violation goes upstream, from the municipality where you received the violation, to the state of Arizona motor vehicle department and they issue a suspension on your license. The only way to get this suspension removed is to... guess what? Take a defensive driving school. Well, on receiving this second letter at first I just laughed and said, "I guess since I don't have an Arizona drivers license it won't matter." Well, think again: Luckily I called the Arizona people and after laughing and agreeing with me that nowhere on the first letter I received did it explain I HAD to take a defensive driving school, the nice man also told me that if I didn't take a school in my state and send Arizona a copy of my graduation letter, the state of Arizona would forward the suspension to the State of North Dakota and my license there, would be suspended. I called the nice people in North Dakota and asked if

that was true. They told me that most likely what the man in Arizona told me was correct. Guess what? Last Saturday I found myself in a remedial driving class. I just couldn't see any other way to stop this crazy train of events. It's bad enough when over-regulation and insane thinking happens in other states but now it appears simply by visiting these places we get sucked to this bizarre vortex of various state agencies busy doing what government agencies do. You know, it's funny, Arizona seems powerless to stop the flood of illegal's from visiting them; vast majorities of who don't have a drivers license in any state, don't have a permanent address to send the violation

to, and don't insure the car they are driving anyway. The newspapers down there are full of stories of muggings, robberies and murders; but by golly, in Arizona they sure can bring fire down on a United States Citizen who is a red light violator! Hey, if you're going to Arizona: drive... and visit...with caution. Final note: In reading an insurance trade magazine the other day I ran across an article that reported income from traffic cameras has been in the tens of millions of dollars in Arizona. Also, in all fairness, red light violations and accidents from people running red lights are down. Unfortunately rear end collisions from people slamming on brakes to avoid the possibility of going through a red light are UP dramatically.

## Political Corner

Just a quick note here on Multi-Peril Crop Insurance. Of course all of you farmers are well aware of the need for this product to protect the immense costs of producing your crop every year. Also, since this product has been sold and serviced by the private business sector since 1981 the service and quality of the product to you the producer has improved dramatically. However, since most politicians are not at all knowledgeable about farming and don't have a clue what crop insurance even is, there is a movement afoot in Washington to kill the current delivery system. Talk is that they think the Government can do a better job of delivering it. What? Anyway, luckily our congressional delegation is in favor of keeping the current system in place. However, if you call or write them voicing your support it will help them make their case for continuing the program as it currently is. In other words not hobbling it to the point it can no longer function. Insurance companies and agents can lobby all we want in favor of the program but largely that request falls on deaf ears. If you the consumers call on it, your voices will be heard. Our Washington delegation needs your calls to help defend our rural crop insurance programs from city folks who don't know where their food comes from. U.S. Rep. Earl Pomeroy, Bismarck 701-224-0355 Washington 202-225-2611. U.S. Sen. Byron Dorgan Bismarck, 701-250-4618 Washington, 202-224-2551. U.S. Sen. Kent Conrad Bismarck, 701-258-4648, Washington, 202-224-2043.