

Insights & Updates



VIA INSURANCE & FINANCIAL SERVICES
VALVANO INSURANCE AGENCY

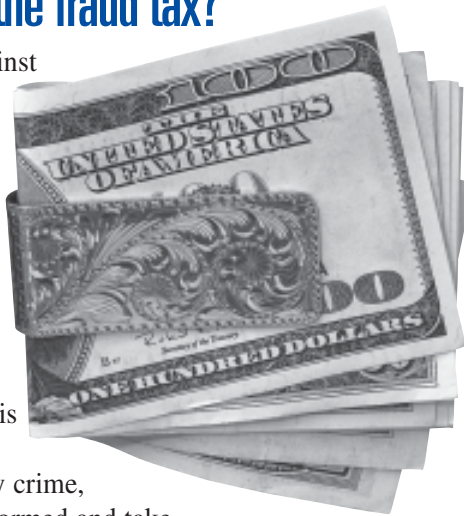
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Information from your professional insurance agent

Winter 2003

Tired of paying the fraud tax?

The Coalition Against Insurance Fraud estimates the annual cost of insurance fraud to be more than \$80 billion per year. That means your family is taxed more than \$950 on the costs of goods and services you purchase each year. This is no petty theft. In order to stop this costly crime, citizens need to get informed and take aggressive action against fraudsters.



Insurance fraud isn't just a problem for insurance companies—it's a problem for society and individual consumers. Insurance companies don't absorb these costs, they pass them on to policyholders, and that means you. Every policy you purchase includes a charge for fraud.

Insurance fraud can be classified as either "hard" or "soft." Hard fraud is a planned scheme to collect money for staged events or nonexistent losses. It also may involve collecting premiums for nonexistent policies. On the other hand, soft fraud involves the usually law-abiding policyholder, who seizes an opportunity to take advantage of an insurer by exaggerating a legitimate claim. It also may involve false information given to an insurer in order to obtain a lower premium.

If we want to reduce the fraud tax, we must change our attitude about this crime and get tough with the perpetrators. We encourage our customers to support legislative and regulatory initiatives to combat insurance fraud because it's our customers who benefit from the results. If you would like to learn more about this crime, we suggest you start by going to www.insurancefraud.org.



Maggie's law

In August 2003, Gov. James McGreevey signed Maggie's Law. This law allows judges to impose 10-year prison sentences and \$150,000 fines against drivers who are awake at least 24 hours straight before a fatal accident. In order for a conviction to occur, the driver must admit to being awake for more than 24 hours or the police must be able to prove the driver was awake for that long. New Jersey is the first state to treat fatigued driving as a crime if it leads to a fatality. Several other states are considering similar laws.

This law came about as a result of the death of Maggie McDonnell. She was killed on her way to work in July 1997. The other driver admitted to being awake for more than 30 hours. Because it was not illegal to drive tired, he was convicted of reckless driving and fined \$200.

According to the National Sleep Foundation, more than half of the drivers in America—more than 100 million people—admit to driving while drowsy, and nearly two out of five, or 32 million people, say they've fallen asleep at the wheel.

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Is flood insurance really necessary?



In many cases, yes. Ask the property owners who were hit by Hurricane Isabel. According to the National Weather Service, inland flooding can occur as far as 500 miles from the site of the hurricane. Flooding is the most dangerous and deadly problem caused by hurricanes. It is important to note that not only high-risk areas are prone to flooding. Flooding can occur anytime

and anywhere. Twenty-five percent of the Federal Emergency Management Agency's National Flood Insurance Program claims come from outside the high-risk areas.

Homeowners policies generally cover water damage from burst pipes, but do not cover damage caused by outside sources. Damage caused by flooding or mudslides can be extremely destructive. Without flood insurance, you could be devastated financially.

It also is important to prepare for a hurricane. Heed storm warnings and follow evacuation procedures such as boarding up windows and storing outside items inside. Shut off utilities. Prepare an emergency kit that contains food and water, a portable can opener, blankets, flashlights, battery-operated radio, first-aid kit (including prescription medications) and extra batteries. Maintain a current household inventory of your property and possessions and keep it in a safe place such as a safe-deposit box. This will prove useful if you need to file an insurance claim.

You can buy flood insurance at any time. However, in most cases, there is a 30-day waiting period before coverage is in force. Contact our agency. We will help you determine the availability of flood insurance. Throughout the United States more than 18,000 communities participate in the NFIP, which offers flood insurance. An NFIP policy typically includes coverage for: removing contents; sandbagging; repairing flood damage and rebuilding; clearing away debris and mud; and compensating for personal belongings.



Why buy life insurance?

At the top of the list of reasons for buying life insurance is the financial protection it offers for those who depend on you. If you're single and just starting out, you may not need life insurance now, except to lock in lower rates while you are young and healthy. But as you take on more responsibilities, your need for protection increases. The proceeds from a

life insurance policy can replace the income lost to your family upon your death, as well as pay off debts and fund education for children.

The amount of life insurance protection you buy depends on how much income your survivors will need. If you're married, you and your spouse may want to consider buying life insurance.

The cost of life insurance depends on a number of risk factors, including your age, your health, whether you use tobacco, your family health history and the type and amount of life insurance you're buying.

Call our agency today to help you sort out the life insurance question. We'd be happy to help.

It's all about choice...

Purchasing insurance can be an expensive proposition, especially if you don't get proper counseling before you choose your coverages.

You need to talk to a professional trained in advising you on the financial implications of your choices. As an independent insurance agency, we can do just that.

Because we're independent, we are not locked into selling insurance for just one company. We will be able to provide you with competitive insurance rates because we shop around for the best coverage with the best rates. We can usually provide you with all the different lines of insurance because we have access to several different companies. So if your car insurance is with one company and your home is with another, you would be able to contact us for service on both accounts.

As an independent agency, we have the flexibility to create customized insurance packages that are specific to your circumstances. And as your needs change, we can review your coverage and guide you if changes are needed.

Call us today. We offer personalized service and we are available to discuss your insurance needs, whatever they may be.



Tobogganing, sledding, snowmobiling

—oh my!

Tobogganing, sledding and snowmobiling can be great fun. But don't let your winter activities end in traction.

By following these simple guidelines you can greatly reduce your risk of injury.

- Know the rules and regulations for these activities before you take off for the snow.

Are trail permits required? Do you have to wear a helmet?

- Don't drink alcohol. It slows your reaction time and increases your risk of hypothermia.

- Dress in layers so you can adjust easily to changing temperatures. Wear a helmet with a visor.

- Make sure all your equipment is in working order.
- Bring a friend and make sure others know where you're going.
- Be cautious of frozen rivers and lakes. Avoid them completely if possible.

Avoiding accidents and injury should be your top priority, but it's best to be prepared should the traction scenario play out.

Review your homeowners policy to see if your snowmobile is covered under your policy. Because of coverage limits, you might need to consider an additional endorsement. Also, this is a good time to check to make sure you're covered if you are injured while participating in other winter activities such as skiing, ice skating or sleigh riding.

When looking for a policy you'll want to consider coverage such as **liability** (for claims brought against you for bodily injury or property damage); **medical payments** (for any necessary medical treatment); **collision** and coverage for **other perils** such as fire, theft and vandalism.

You probably have questions about what insurance policy is right for you. We have the answers. Call us.



Whoa... oops!

Sometimes people slip and fall on a homeowner's driveway or sidewalk, especially when snow and ice are present. If this should happen on your premises, don't assume you're liable for resultant injuries. In general, a landowner is not liable for natural conditions such as snow, existing on land.

In order for a landowner to be held liable, some act of negligence must cause the injury. Strangely enough, if it weren't for municipal ordinances that require snow removal, you would be better off not shoveling it. Leave it in its natural state and there is no liability, but perform an inadequate job of shoveling it and now you could be held liable. We're not really trying to discourage you from attempting to make passage on your residence safer. Just remember liability for someone's slip and fall is going to require proof that you were negligent in some way.

Often, the person who gets hurt is a friend or relative and you don't really want him or her to have to sue to get medical bills paid. Fortunately, your homeowners policy has a coverage to pay medical bills, regardless of fault, when nonresidents of your home get injured on your property. There is a separate limit for this coverage and it's a good idea to review the adequacy of that limit periodically. It also is a good idea to review the liability limit on your policy should a slip-and-fall incident result in a lawsuit. Perhaps you should purchase an umbrella policy. A quick call to our office is all you need to gain peace of mind.

Winterize your car

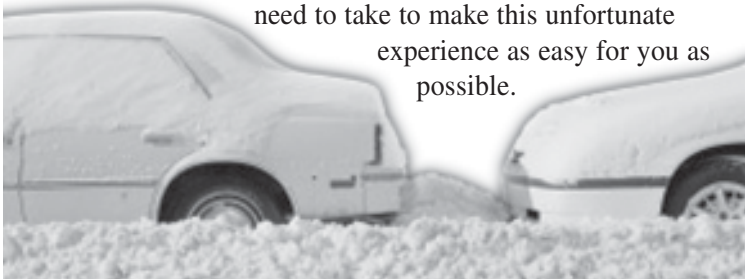
Winter weather—freezing, snow, melting, freezing. The cycle goes on and on all winter. This can inflict considerable damage on your vehicle.

Following are some suggestions to help you keep your car or truck from becoming a victim of the winter weather.

- Check the antifreeze levels and the firmness of hoses and clamps.
- Check tires for wear and proper inflation. Worn tires should be replaced immediately.
- If your car is not kept in a garage, consider using an engine heater during extended periods of extreme cold.
- Keep your gas tank filled. This will help give you that extra margin of safety in case you become lost or stranded in blizzard conditions. It also will give your vehicle added weight, which will give you more traction on slippery roads. Keeping your tank full also will help prevent condensation and fuel line freeze-ups.
- If your vehicle has four-wheel drive, don't assume that it will allow you to drive faster in dangerous weather conditions. Four-wheel drive will not stop you from skidding on ice.
- Keep a bag of sand in your trunk.

It also is a good idea to keep blankets in the trunk. If you have a cell phone, keep it fully charged and carry it with you in the bad weather.

If you have an accident, contact our agency as soon as possible to report any claim. And remember, you're not in this alone. We will assist you in completing the necessary steps you need to take to make this unfortunate experience as easy for you as possible.



Don't leave home without your wallet

Next time you jump into the car to pick the kids up from school or for a quick run to the grocery store, make sure you have your license, registration and insurance card with you. Leaving them at home could cost you \$520.

A little known provision in New Jersey's auto insurance reform package raises the fines for not having the documents police routinely ask for during a traffic stop.

Driving without your license, registration or insurance card with you will cost you per missing document, up to 240 percent for the previous fine of \$44. Drivers without their documents also will have to pay \$23 in court costs. The law stipulates that if drivers don't have their paperwork when they are pulled over, they have 24 hours to produce it. Otherwise their cars may be impounded.

There are several more items in this reform aimed at helping improve the overall auto insurance market in New Jersey. Some include the toughest penalties for auto insurance fraud in the nation, more consumer protections and steps to put downward pressure on rates for good drivers.

Call our office today. We will work with you to see make sure you have the best rates available to you at the best possible costs.

Cruise control. Slippery when wet?

Have you heard the one about the driver who lost control of his or her car during a rainstorm and was told by a police officer that the cruise control should never be used when it's raining?

Whether this story is true or not, no one seems to know. What is true is cruise control was designed for normal road conditions. It cannot tell if the pavement is slippery. Under slick conditions, *you* need to be in complete control. You may not notice if your car is hydroplaning if you have your cruise control engaged. It also is possible the wheels on some cars spin faster when the cruise control is on.

Therefore if you do hydroplane, when your car hits solid pavement again, you may go

into a spin and lose control.

On most cars, the cruise control is disengaged by tapping on the brake or putting the car in neutral. In an emergency, this will add to your response time. And the braking action itself may cause you to lose control on a slippery road.

The warning is clear: Don't use cruise control if it is icy, snowing or under other slippery conditions.

If you are in an accident seek emergency assistance for anyone who may be injured. Call the local police or law enforcement agency. Try to get the names, addresses and phone numbers of any witnesses. Then, call our office as soon as possible to report the accident.

