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Insurance Insights

A NEWSLETTER FOR CLIENTS AND FRIENDS OF INTERSTATE INSURANCE AGENCY

JUNE 2016

How will you cover your Share of Liability above your Coverage Limits?



Do you have enough liability insurance? If there were a vehicle accident for which you were at fault, and a family breadwinner for whom you are liable were disabled or killed, would your auto liability policy offer enough coverage to pay for a lifetime of lost wages due to an accident you may have caused? Keep in mind, the legal system holds you accountable for injuries you cause to others. This may include garnishing your wages and seizing any assets you have to pay off a legal judgment. We'd all like to believe that such events will not have any financial impact on our lives, but if you are a medium to high income earner or own a home, it can financially ruin you and can further result in a huge setback in your standard of living.

were a settlement (or judgment, if it goes to court) of \$2,500,000 as a result of an auto accident for which you were liable. Let's say you have insurance with a limit of \$500,000 per accident. What would happen? The auto insurer would pay its \$500,000. Then virtually everything you own would can be fair game for seizure to pay off the additional \$2,000,000. Furthermore, your earnings could be garnished for years to come. With stakes this high, and considering the relatively modest cost of additional liability coverage, it just makes sense for many people to purchase the added protection of an umbrella policy.

An umbrella policy is insurance that provides additional coverage once the liability limits on your

Consider what would happen if there

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**Your Trusted
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**Welcome to the Interstate Insurance Agency
Newsletter!**

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent insurance topics which may affect you and your family. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.

The Scary Truth about Texting and Driving in America

Approximately 500,000 young Americans are injured as a result of distracted driving. The average text takes a person's eyes off the road for several seconds, which is enough time to swerve off the road or hit a car that is braking quickly. When a person is traveling at 55 miles per hour, that is enough time to drive across the length of a football field. Anyone who notices a friend texting while driving should tell that person to put the phone down or stop the vehicle immediately.

According to statistics, about 50 percent of drivers under the age of 35 who carry cellphones are guilty of reading or sending text messages while they are driving. More than 35 percent of teens report nearly being in an accident because of another distracted driver or because of themselves when they are distracted. Drivers who text while the vehicle is in motion are at least 23 times more likely to be involved in an accident

than drivers who do not text while driving. It is interesting that nearly 60 percent of drivers still claim to be better than the average driver despite the same percentage admitting to regularly texting while driving.

The number one reason American teens die is because of distracted driving. Although most people are proud of their multitasking abilities, it is important to avoid multitasking behind the wheel. Over 20 percent of teens who text and drive do so because they are bored. When getting behind the wheel, it is best to turn a phone on silent or shut it off. If the phone is too much of a temptation to pick up and use while driving, shut it off instead of putting it on silent. If this is also too difficult, there are apps and devices designed to disable phone features while a vehicle is in motion. Friends who text while driving should not be trusted. Ask the person to stop, and provide a reminder about how unsafe and careless it is to text

and drive. It endangers the driver, passengers, pedestrians and other motorists.

The National Highway Traffic Safety Administration collects statistics each year about the use of cellphones while driving and the related accidents or deaths. NHTSA started a campaign to combat this dangerous practice. Since Americans understand the dangers of multitasking while driving but still do it, the campaign is designed to show them how they are actually closer to driving blind than driving distracted. They also seek to look past the dangers and focus on why people feel compelled to remain in constant contact with friends, family members and social media while driving. With a strong plan for success and innovation in conveying a very important message, NHTSA hopes to see positive results in the future statistics they collect. To learn more about staying safe while driving and how to report distracted drivers, discuss concerns with an agent.

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homeowner's or auto insurance policy are exhausted. Umbrella policies are typically sold with limits of \$1 million to \$10 million. In the example above, if you had a \$3 million umbrella policy, the auto insurer would pay the auto policy limit of \$500,000, and your umbrella insurance would pay the other \$2,000,000 of the \$2,500,000 settlement or verdict. Your assets would not be at risk.

One myth about an umbrella policy is that it's only needed by the wealthy. These days the cumulative value of homes, vacation homes, rental property, cars, boats, savings, investments, and so on, owned by many people who don't consider themselves wealthy, make them vulnerable to liability beyond their auto or homeowner's insurance limits. A good question to ask yourself is whether you have assets that you don't want to put at risk in the event of a catastrophic liability.

An umbrella policy is not limited to

covering liability incidents that occur in your car. Do you have a swimming pool, trampoline, swing set, or other recreational equipment that can lead to accidents? If someone drowned in your pool and you had \$500,000 of liability under your homeowners policy, the chances are that the surviving family members will not settle for such a small amount. Your umbrella will pick up coverage after that. Most Umbrella policies can save the day if you accidentally posted something on your social media that results in a legal action. This is because most of these policies includes a "Personal Injury" clause which covers things like libel and slander.

How Much Do You Need?

People often reason that the amount of umbrella coverage they need should be the value of their assets, but this might not be adequate. If, for example, you have assets of \$2 million and buy \$2 million of coverage, what happens if you're found liable for a \$4 million judgment? Insurance

would pay the first \$2 million, plus the limit of the underlying homeowner's or auto policy, but you could lose a significant amount of your assets because of the shortfall in coverage. The more coverage you get, the more bullet proof your assets become. This is an item of discussion you should have with your insurance agent.

The cost of an umbrella policy is relatively inexpensive. The rate will depend on how many cars you have, if you have rental properties and younger drivers under the age of 21, which will slightly increase the rate. In most cases you can get a 2 million dollar umbrella for about a dollar a day if you have the basics, such as two cars and a home. However even though these policies are inexpensive, securing an umbrella to protect you should never be done based on cost. It should be done based on what is the best amount of coverage to help prevent any loss of assets. The key is to preserve your quality of life.

John's Corner

We moved!!! That's right, after 26 years at the same location, we decided it was time to move on. No worries, we only went 2 miles north to Edmonds Way. We are across the street from the PCC Store or, for you long timers, across from the old Robin Hood Lanes. Nothing changes but the address (9790 Edmonds Way, Edmonds, WA 98020). Same phone numbers. Same email. Same commitment to serving families and communities all across the great PNW. Stop by and say hello sometime.

What is changing are your rates. There's no getting around it. Insurance rates across the board and across the country are going up. Why? There are a lot of reasons. Here in the northwest you can blame it on our thriving economy. More people are working in good paying jobs means more people are on the roads driving more technologically advanced vehicles. Even if you are like myself and drive an older model car, if you hit the rear end of a newer model vehicle, you just hit a bumper that might have more computer sensors in it than a space ship (well, maybe not but you get the idea). It just costs more to repair cars than ever before. Not to mention medical costs, lawsuits, loss of income, pain and suffering, attorney fees, fraud, uninsured motorists... The list goes on and on.

What can be done? We can review your coverage. We can look at options. We can find discounts. We can't wave a magic wand but we can't do anything unless you ask. So, at your next renewal, if you think you are paying too much, call us or send an email. Let us shop for you. We are here to help!

We thank you for your loyalty and for your referrals... It's how we stay in business!

Go Hawks... Go Mariners!



- *John Rousey*

We LOVE Referrals!

Many thanks to all of you for your recent referrals.

Tekeste Abraham (4)
Joe Armato
Andrew & Tara Ashton Ashton
Maki Atoyama
Anastasia Bartlett
Esther Baughn
Debra Bomar
Sally & Phil Bomar (2)
Dee Bond (2)
Kay Britain
Angie Brown
Cindy Cho
Tim Clark
Liza Delos-Reyes

Jonny Eagen
Michael Ellis
Peter & Jeanne Gerhard
Gedyon Gezahegne
Paul Goldberg
Terry Gould
Dale & Ann Grube
Ann Harger
Sharilynn Hasenwinkle (4)
Teresa Hjelle
Amanda Hooper
Marian Humphreys
Tanner Johnson
Hyoyoung Kee (3)

Odina Kolsch
Sandy Lee
Sal Manzano
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Jeffrey Merriman-Cohen
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Thank you! Thank you! Thank you!

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Insurance Insights

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You REFER - We REWARD!

Along with sending you a “thank you” and a gift card, we have added another important piece to our referral program. This year, for every referral you send our way, **WE ARE GOING TO MAKE A DONATION TO NORTHWEST HARVEST.**

Here's how it works:

- 1) **Refer someone to Interstate Insurance Agency. When they contact us for a quote and they tell us you sent them (don't worry, we'll ask) we will send a donation to Northwest Harvest.**
- 2) **Then, we will send you a GIFT CARD!**

No purchase is required.
Rules and conditions are posted at our agency.

Thank you for talking about Interstate Insurance Agency!

