



THE Insurancenter NEWSLETTER

FALL 2019

Millennials' Misconceptions about Renter's Insurance



IN A RECENT study, researchers found that millennials are renting in larger numbers than ever before.

Researchers also found that most (75%) of the people surveyed did not know they could obtain renter's insurance for about the same cost as a pair of movie tickets and had therefore not purchased coverage for their belongings.

They concluded that there was a clear misconception with this group of young people about how important it is to have renter's insurance, and the true cost of coverage. Leaving belongings at risk when about \$20 per month can buy adequate coverage is an unwise move.

Renters often live in properties with multiple units, and they may not always realize how high the risk of fires and other disasters is in these places.

Although property owners are responsible for repairs to the structure in the event of most disasters, they are not responsible for tenants' belongings. It is up to renters to make sure their possessions are protected.

In their research, experts also found that about 40% of people who did not have renter's coverage did not think it was necessary. They said nearly 70% of all young adult renters replied that the cost to replace all of their belongings would exceed \$5,000. Renters who had coverage said they bought policies because they wanted the peace of mind to know they were protected.

Inexpensive peace of mind

A plan that costs around \$300 a year generally covers up to \$50,000 worth of property. But most people won't need that much coverage as renters.

A policy that covers \$15,000 to \$20,000

RENTERS' BIGGEST FEARS

- Two of respondents' biggest fears were theft and fires.
- About 40% said their biggest fear was fire damage.
- About 30% said their biggest fear was theft.
- Believe it or not, nearly 5% said that their biggest fear was a zombie apocalypse!.
- Nearly 25% of the renters surveyed said they would rescue their laptops first, ahead of mobile phones, hidden cash and heirlooms.
- About 40% of respondents said they did not know stolen property was covered in a renter's insurance policy.
- About 30% said they did not believe party mishaps would be covered, and they were surprised to find that many types of damage to personal property or the structure that are typical at parties were covered.

worth of property should be enough for most millennials. Such policies can sometimes be had for less than \$200 a year, or as little as \$10 to \$15 a month. (The average renter's insurance premium cost about \$187 in 2017, according to the Insurance Information Institute.)

Renter's insurance is quick and easy to buy, and millennials everywhere should make sure they always have it. To learn more about this type of coverage and how affordable it is, call us today. ❖

Welcome to The Insurancenter Newsletter!

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent risk management 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.

Doug Nellans



You Can Do It Better With Us!

More People Sued for Social Media Posts

SOCIAL MEDIA has grown by leaps and bounds over the past 10 years. But, what many people don't understand are the unique risks that come along with social networking.

Anyone using Facebook, Instagram, Twitter, LinkedIn or any other social networking site should exercise extreme caution in what they decide to say online.

As an example, in 2013 a teenager in Florida sued some of her classmates and their parents, accusing the classmates of bullying and humiliating her in a Facebook group. In another case from 2015, a 14-year-old California girl sued her classmates – and their parents – for setting up a fake Facebook account under her name and using it to bully her.

Whether or not the allegations are true, the teenagers and their parents in such instances will need to hire lawyers to defend these cases and money to pay for the possible judgments against them.

Many people believe a standard homeowner's insurance policy will cover these kinds of lawsuits. In fact, it probably will not provide the necessary coverage.

A standard policy covers bodily injury or property damage done to someone else. It defines bodily injury as "sickness, harm or disease," and it defines property damage as "destruction of or injury to physical property."

Neither definition includes publishing or saying something that injures another person's reputation. Hence, the policy is not likely to cover a Facebook post. Typically, a lawsuit resulting from a social media post would allege inflicting emotional distress, defamation or some similar charge.

Personal umbrella policy

A good source to consider for extra coverage is a personal umbrella policy. This kind of policy provides additional insurance in circumstances where a loss has depleted the amounts of liability insurance offered under a homeowner's policy.

But, the policies also extend coverage where a homeowner's policy may not. An umbrella policy typically contains a personal injury clause that protects the homeowner from other circumstances, such as defamation, libel or slander lawsuits.

Umbrella policies usually have a deductible of \$250 to \$500, but that's a small price to pay for avoiding financial devastation.

Personal injury endorsement

The other option is to buy a personal injury endorsement. This policy addition broadens your homeowner's policy's definition of bodily injury to include personal injuries, such as false arrest, false imprisonment, defamation, invasion of privacy, malicious prosecution, wrongful eviction and wrongful entry.

Like the rest of your homeowner's coverages, the endorsement will probably exclude coverage for business-related activities, such as defaming a competitor on your business blog. It will also exclude coverage for claims resulting from or intentional or illegal activities.

As we become more exposed to risk through social networking, keep in mind that you should choose your words carefully on any social media site.

Additionally, if you do not already have an umbrella policy, call us to see if it would be a good match for you. ❖



Preventing Major Losses from Flood Damage

PARTS OF the Midwest experienced record flooding in the spring of 2019, caused by rains and the melting of massive amounts of snow that fell in the winter.

And as the weather becomes more unpredictable, many areas throughout the country are experiencing flooding with increasing regularity. Moreover, some regions are flooding for the first time in recorded history.

Floods are the leading weather-related cause of property damage. After Hurricane Sandy, the National Flood Insurance Program paid out well over \$6 billion in claims.

It is important to take these steps to prevent flood damage:

Use flood maps

These maps are drawn up and updated by the Federal Emergency Management Agency. They show the locations of flood zones and flood plains, and flood zone risks ranging from high to low. If unsure about the classification of a specific address, ask us.

As part of FEMA's modernization program, most communities are receiving new maps with more details and helpful recommendations. Since flood zones may have changed, it is important that you look at the newest versions of these maps.

Learn base flood elevation

When property owners know their flood zone, they should also learn their property's base flood elevation (or BFE).

This is the point where a building has a 1% chance of flooding each year. FEMA's newer maps typically list the BFE for different properties. If new maps are not available yet, your local building department may be able to help.

When the BFE is known, it is important to determine the elevation of the first floor of the home. Is it below or above the property's BFE?

Raising a structure with a main floor below the BFE helps reduce flood risks. This type of floor plan is typical with some split-level homes and buildings.

Purchase flood insurance

When you understand the full risk of flooding for your property, you can decide whether you should purchase flood insurance for

complete protection. Obviously, if you live in or near a high-risk flood zone, you should purchase coverage.

Sometimes you don't have a choice about buying coverage. Most lenders will require homeowners in flood zones to purchase insurance if they want to qualify for a home loan.

Flood insurance is mainly available through the National Flood Insurance Program, although there are some private insurers that offer coverage in selected areas. To learn more about your options and how to enroll in coverage, call us.

Reduce risks on your property

There are several steps to take to reduce risks:

- **Raise all electrical system components.** A licensed electrician should be hired to complete this task. All wiring, circuit breakers, sockets and switches should be addressed, and they should all be at least 12 inches above the BFE for the property. This prevents the possibility of fires that occur from shorts after a flood, as well as possible electrocution if someone steps into waters around the house.
- **Channel water away from the structure.** The slope of the property should be downward in comparison with the location of the main structure. If it is not, this should be changed if possible. A downward slope helps direct water away from the home.
- **Raise HVAC equipment.** Cooling, heating and ventilation systems can be damaged by floodwaters. Hire a contractor to move the HVAC equipment to a different floor or to create a flood-proof wall that surrounds it.
- **Add sewer back-flow valves.** In some areas, flooding may result in sewage backing up through pipes. Back-flow valves prevent a return flow into the home by blocking drain pipes.
- **Anchor any fuel tanks.** If a fuel tank is not anchored outside, it can be swept away in a current in the event of a major flood. To complicate matters, a supply line can be torn and may result in basement fuel contamination.
- **Check sump pumps.** If you have a sump pump on your property, it should be examined regularly. Make sure the batteries are charged periodically and that the pump is functioning correctly.

To learn more about flood safety and insurance, call us. ❖



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