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EC57-1121 Property and Casualty Insurance and What you Should Know bout it.

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PROPERTY and CASUALTY Insurance

and what you should know about it

● DWELLING

● CONTENTS

● AUTOMOBILE

● COMPREHENSIVE PERSONAL LIABILITY

EXTENSION SERVICE
UNIVERSITY OF NEBRASKA COLLEGE OF AGRICULTURE
AND U.S. DEPARTMENT OF AGRICULTURE
COOPERATING
W. V. LAMBERT, DIRECTOR

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PERSONAL PROPERTY INSURANCE AND WHAT YOU SHOULD KNOW ABOUT IT

--- Mrs. Clara N. Leopold ---

A lot of things can happen to damage, destroy, or take away your property and the things you own. Your home may burn, blow away or be demolished by anyone of many hazards; your valuables may be lost, stolen or destroyed; your hard earned savings may be taken away by a liability judgment.

Remember, there are losses other than by fire. The modern hazards you face are bewildering in number. Much property is insured for the same value that it was back in 1940. If you suffer a loss, how much insurance could you collect?

This is the heyday of damage suits, when even the curiosity of a neighbor's child may pauperize you for life. New hazards are developing almost every day, such as damage from falling aircraft, a runaway auto, explosives being transported across the country, and explosions from new industries springing up all over the country.

Modern insurance policies are designed to meet modern needs. You can buy protection against almost any loss that can happen, but unless your insurance is up-to-date and includes protection against the newer hazards of the day you are carrying "horse-and-buggy" insurance!

1. Are you getting your money's worth when you pay those insurance premiums?
2. What kinds of property and casualty insurance are vital?
3. Have you kept your property insurance up in line with rising values?
4. Can you safely cut the cost of your insurance?
5. Have you taken advantage of the extended coverages?
6. Can you meet the requirements of Nebraska's Automobile Financial Responsibility Law?
7. When will you be sued?
8. What should you watch for when reading the "fine print" of your policies?
9. Just what does your insurance policy cover?

Get out your insurance policies and look them over carefully. That is the advice of one of the nation's foremost insurance authorities in what he calls "the three most important sentences" in his recent book on all kinds of insurance: "Read your policy. Read your policy. Read your policy."

Many hundreds of insurance policies have been devised to help you out. Under the circumstances in which most people live, only four policies are needed to provide complete property and casualty insurance protection:

Fire & Extended Coverage insurance insures buildings against all serious hazards.

Personal Property Floater insurance gives virtually all-risks protection for all personal property and valuables.

Full Coverage Auto insurance protects family groups against every conceivable loss and gives full protection against auto damage suits.

Comprehensive Personal Liability insurance protects against all damage suits arising from home accidents and family activities.

The following pages give you a very brief look at each of these four types of Property and Casualty Insurance. The points shown, however, are compiled as a guide only, and are not intended to cover the multitudinous variations and individual needs. Additional information is always available through your insurance agent or broker, your banker or your lawyer.

FIRE AND EXTEN

Standard fire poli

FIRE INSURANCE --- WHAT IS IT?

Your fire insurance, essentially, should cover the present-day values of your home. But fire insurance alone is no longer considered adequate. Now all fire policies may be extended to cover the havoc wrought by windstorm, tornado, and hail--plus such newer hazards as damage by aircraft, motor vehicles, or by explosion. The standard policy does not provide for such losses. But "Extended Coverage", which includes them, can be had for a small additional premium.

In addition to extended coverages pictured at the right, there are many other modern insurance benefits that broaden a standard fire policy to cover such costly losses as:

...Water damage caused by leaking water or steam, or from air conditioning systems, or bursting of water heating systems.

...Complete or partial collapse of a building from weight of ice, snow, sleet or hail.

...Cost of living elsewhere if your home should be so severely damaged that you temporarily can't live in it.

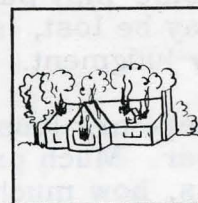
Automatic reinstatement after a loss is one sure way to keep your insurance at full value at all times. Payment of a loss reduces future coverage by that amount. For a small additional premium after a loss, full value of policy can be immediately restored.

Special circumstances frequently require that a policy be altered to meet special or particular conditions. To do this endorsements or 'riders' are added describing and recording the changes and exceptions. As these special clauses and provisions affect your fire coverage, it is wise for you to read your policy, including the riders.

There are so-called Comprehensive Dwelling policies that provide not only for the residence, but for your personal possessions as well (other than automobile) and personal liability. Of course, the cost is less than separate policies would be for the same coverage.

To bring your insurance up to date, acquaint yourself with the various types of protection you can now enjoy. Then have your home appraised by a reputable appraiser so you will know its actual replacement cost today. Insure accordingly.

It is a simple step to bring your insurance up to date, but putting it off can mean serious loss.



DIRECT LOSS BY FIRE

Property destroyed by burning of a "hostile" fire*



LIGHTNING

Lightning scorches or starts a fire that destroys

Extended coverage



WIND - HAIL

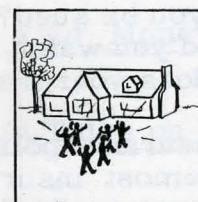
Wind or hail damages house



EXPLOSION

Explosion resulting in fire

These risks

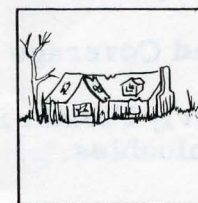


WAR-CIVIL COMMOTION



THEFT

These will vo



VACANCY

Vacancy longer than specified time allowed



Moved PROPERTY OR CHANGED TITLE

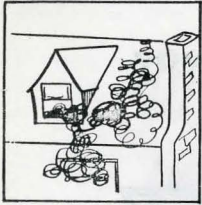
Moving or changing title to property

* "Hostile" fire--a fire that is in a fireplace would be a friendly fire, thence to the rest of the house

"You can't sta

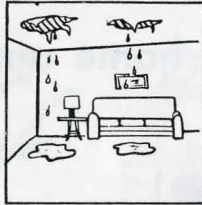
DED COVERAGE

insures these only:



SMUDGE - SMOKE

Smoke & smudge damage as a direct result of fire



WATER

Water damage as a direct result of fire

CHECK LIST FOR YOUR FIRE INSURANCE

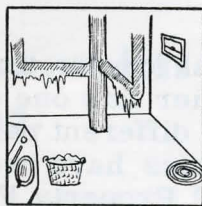
You don't have to have thick glasses, a slide rule and a college degree to check a fire insurance policy. A few minutes spent checking against the following points will eliminate most misunderstandings--and some hazards:

insures these too:



MALICIOUS DAMAGE

Damage from vandalism or malicious mischief



FREEZING

Damage to plumbing from freezing

not covered:



FLOOD



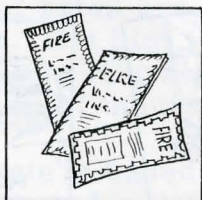
MONEY - SECURITIES

or reduce value:



INCREASE HAZARD OR CONCEALMENT

Storing combustibles or otherwise increasing hazard; concealment of facts



DUPLICATE INSURANCE

Additional insurance with another company

where it should be. Example: a fire but if it spreads from fireplace to the is now a hostile fire.

over with ashes"

1. **EXPIRATION DATE . . .** You can't collect on an expired policy any more than you can drive a car on gas you used yesterday.

2. **EXTENDED COVERAGE ENDORSEMENTS . . .** What hazards are most likely to overtake you? Then add for such things as vandalism and rental value.

3. **UNINSURED BUILDINGS . . .** Any building added since you took out the policy is not insured. And no use paying premiums on a building that is no longer there, either!

4. **TWO OR MORE POLICIES . . .** Unnecessary expense. Sometimes voids all policies. If not voided, each company pays its proportionate share of actual value loss. Why pay several premiums for no more insurance?

5. **INSURABLE INTEREST . . .** Policy must be written in the name of legal owner or in name of person who stands to suffer loss in case of damage or destruction.

6. **INSUFFICIENT INSURANCE . . .** If an \$8000 house is destroyed you can't replace it with \$1800 worth of insurance. If you should suffer a fire loss today it would cost twice as much to replace as it did a few years ago. Have you enough insurance to cover today's high replacement cost?

7. **CORRECT PREMIUM CHARGE . . .** Reduced rates are offered for approved roofing; furnace instead of stove; lightning rods correctly grounded; masonry instead of frame construction; availability of fire department and water supply; spark arrestors, etc. Have you been credited with the safety features you have that would reduce possibility of fire?

8. **LENGTH OF CONTRACT . . .** There is a marked saving in buying insurance on a three or five year contract rather than for one year at a time.

9. **"FINE PRINT" EXCLUSIONS . . .** Read your policy very carefully to learn the risks that are excluded like certain types of roofing, use of certain types of devices, storage of combustible materials, etc.

10. **HAZARDS AND POTENTIAL HAZARDS . . .** How are you as a fire insurance risk? Cellars, attics and closets are often catch-all spots for combustible materials. Clean up---Don't burn up! Cleaning out combustible rubbish is a good way to help protect your home and family from fire and fire losses.

PERSONAL PROPERTY

Protection for your personal possessions-At home and away from home, including:



FURNITURE & RUGS



APPLIANCES



CLOTHING



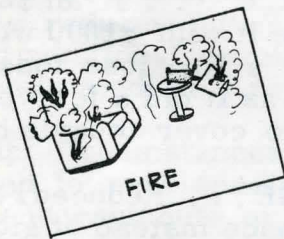
**SPORTS EQUIPMENT, HOBBIES,
MUSICAL INSTRUMENTS**



MONEY & SECURITIES

Personal Property Floater Insurance is world-wide, "all risk" protection for virtually all articles of personal property. This type of policy puts together into one contract all of the protection that can be had from as many as a dozen or more different policies to cover some of the same risks. As many as forty-two different policies have been replaced by one personal property floater. In other words, with a Personal Property Floater you can forget about all of the other personal property insurance you may have - - - about fire and extended coverage on personal possessions, about residence and outside theft contract, about special insurance policies for specific items like jewelry and securities. It covers the common hazards plus many of the less common losses.*

Protects against common and familiar causes of loss or damage, including:



FIRE



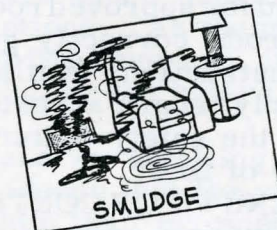
WIND



HAIL



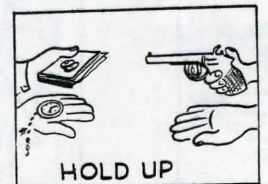
EXPLOSION



SMUDGE



RIOT



HOLD UP



FALLING AIRCRAFT



VEHICLE DAMAGE



BURGLARY & THEFT

*Except autos, motorcycles, planes, pets, property on exhibit at fairs, unscheduled business property, loss by mechanical break down, dampness, deterioration, vermin, war risks, some kinds of breakage.

FLOATER INSURANCE

Who is insured?



HUSBAND, WIFE, CHILDREN



RELATIVES IN HOME



GUESTS & SERVANTS
(on premises)

Provides protection to both town and farm families. Ordinary robbery and theft insurance is unavailable to farm families.

And against loss or damage by hazards not usually insurable, including:



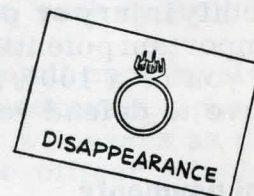
FLOOD



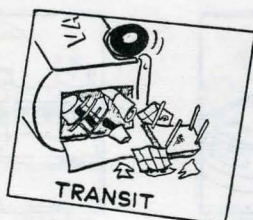
ANIMAL DAMAGE



WATER DAMAGE



DISAPPEARANCE



TRANSIT



SPILLAGE



VANDALISM



OTHER ACCIDENTS

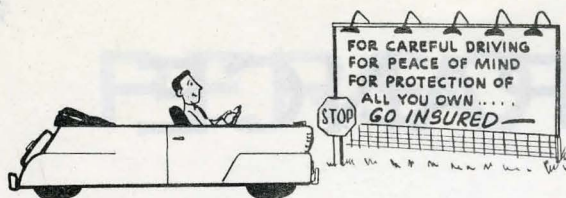
HOW MUCH INSURANCE TO BUY? COST?

The answer to these questions depends, of course, on how much you have to insure and on what the local rates are. The first thing to do is to have a long session with a reputable insurance agent. Get him to go over with you your list of belongings and help you estimate their current value. (Current value is the replacement value of the item less depreciation.) That's the amount of insurance you should have.

The annual rate is based on your regular fire insurance plus amounts at rates set according to total amount of insurance. In many areas the minimum policy usually is \$3000. At least 80% of the total estimated value of your personal property is usually required.

There are ways to save money when buying personal property insurance. First, always buy for several years at a time, and you save 15 to 20%. Second, you can buy deductible insurance, paying the first \$15, \$25 or \$50 yourself, and you'll clip off another 15 to 20% of cost.

The Personal Property Floater gives the broadest protection of any personal property insurance written. Yet even this "World Champion Insurance Policy" won't cover what is your biggest, possibly your most valuable, and certainly your most dangerous article of personal property--your automobile. See next section.



AUTOMOBILE

To cover these

TYPES OF INSURANCES

Comprehensive coverage insures YOUR automobile against almost any accidental loss or damage, except by collision or upset. It usually costs about 8% more than fire and theft insurance alone.

Collision insurance pays for any loss or damage to YOUR automobile caused by accidental collision or upset. Expensive -- unless your automobile is new -- even then, take "deductible" clause to keep premiums down. Buy for catastrophe, not for nuisance.

Liability protects you against lawsuits or claims for bodily injury or property damage. Probably most important potential loss in operation of car. Even if you're a 100% Safe Driver you can be sued and have to defend yourself.

Medical payments cover persons riding in YOUR car (including family) whether liable or not. Usually purchased in \$500 units. Must also buy liability insurance.

Know the policy limits

Any type policy is better than none. If you are sued, the insurance company handles all of the details for you. But for what and how much must the company pay? Company is obligated to pay only for those injuries and damages stated in the policy, and in an amount up to the limit of the policy. For example, in a policy known as "Ten and twenty", for bodily injury \$10,000 is the maximum the company will pay to any one person injured and \$20,000 is the maximum it will pay for all of the people injured in any one accident. Maximum amount of property damage payment is also stated in policy, according to amount of insurance you buy.

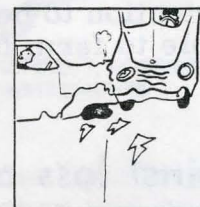
How much of a \$50,000 judgment will you still have to pay beyond the amount of liability insurance you carry? One of the easiest ways to meet Nebraska's Financial Responsibility Law is to carry automobile insurance.



FIRE & TRANSPORTATION



WIND, HAIL, FLOOD



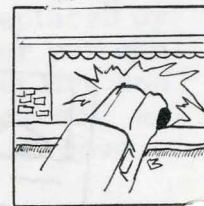
COLLISION-OTHER CAR



WITH STATIONARY OBJECT



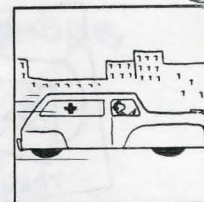
FIRST AID-BODILY INJURY



DAMAGE TO PROPERTY



PEOPLE IN YOUR CAR



AMBULANCE & HOSPITAL

Too many people are dangerously under-insured. Although people usually sue for more than they expect to get, the award can be large even for comparatively small accidents. And the amounts are increasing all the time. In these days even limits of \$25,000/50,000 can be a bit skimpy. Liability premiums don't increase as fast as the liability coverage. A \$50,000/100,000 policy costs only 20% more than the virtually no-good \$5,000/10,000 contract.

Of course, you consider yourself an extremely careful driver. You may reason that you would not be at fault. Also, you may feel that the large penalties are for rich people only, so with only your car and a few household goods you would not be involved in costly law suits. This is a common and risky misconception. Beyond whatever

INSURANCE- It's a necessity!

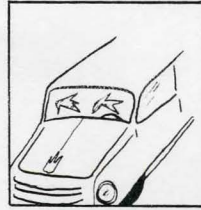
insurable losses:



THEFT & LOSS OF USE



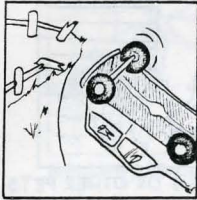
AIRCRAFT DAMAGE



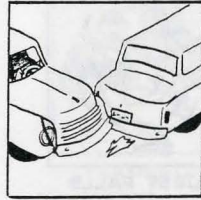
GLASS & VANDALISM



WITH TRAIN, BUS



UPSET



WHILE PARKED



INVESTIGATION COSTS



DEFENSE & COURT COSTS



JUDGMENTS



MEDICAL & DENTAL



NURSING SERVICE



FUNERAL EXPENSE

IN CASE OF ACCIDENT:

1. Talk little and listen a lot. Don't assume responsibility.
2. Call police.
3. Send for first aid if needed. Note the name of doctor and hospital involved.
4. Get information about other car--make, model, year, license. And about other driver--name, address, registration number. About owner--name, address.
5. Get name and address of ALL occupants of other car. Try to get clear statement from each on extent or absence of injury.
6. Note damage to all cars involved.
7. Obtain name, address and phone number of as many witnesses as possible. Note the police officer's badge number.
8. Observe date, day and hour, weather and condition of street.
9. Write down location of accident. Draw a map of situation.
10. Notify insurance company - (and State Motor Vehicle Bureau) within 48 hours.

How much insurance can you afford?

moral responsibility you feel, there is a legal responsibility--and the law is likely to be much stricter than your conscience. Indeed it can force you to pay a very large sum even though you feel you were in no way at fault.

If cost is your problem, you should know this. It is possible for careful drivers with good safety records to buy liability insurance from many companies for 10 to 35% less than standard rates from other companies who do not screen their clients. If necessary, it might be prudent to give up collision insurance for the sake of additional liability coverage. Even total loss of your car would not ruin you financially. But liability for bodily injury could easily bankrupt you.

No one but the motorist can make the final decision on amount and kind of insurance to carry. If you feel you cannot afford automobile insurance, ask yourself, "Can I afford NOT to have it--especially liability insurance?"

If you are driving a car that is not covered by at least a liability policy, by all means take one out. But even if you do have insurance coverage, now is a good time to investigate its adequacy in the light of today's huge accident awards.

There is no such thing as a driver who has nothing to lose!

Sorry?
Sure!



But you'll pay too!

COMPREHENSIVE PERSONAL LIABILITY

The law imposes upon an individual the duty of using reasonable care in his behavior towards other people and their property. The failure to use such care might result in injury to some person, or damage to his property. Here is another field in which judges, juries, and talented attorneys give the word "negligence" a fine, round meaning. Many people who fall nowadays don't see stars. They see dollar signs!

Until a few years ago, it took a half-dozen policies to cover the great variety of home and family liability situations--sports, residential, dogs, and even children. Now they may be covered in a single policy usually called "comprehensive personal liability"--worked out to meet the unpredictable hazards of high speed, high risk, high value modern living.

A liability policy protects you against almost endless kinds of claims. It pays medical costs for personal injury and damage to other people's property. But probably its best feature is the provision on legal expense. Any legal action is brutal to all parties. Insurance will take the sting out of it for the defendant, but it can't absorb the bitterness that follows in the wake of any trial.

The premiums for such a policy are low because of the small chance that any particular individual will become involved in such accidents with ensuing law suits. But when he does, he faces large, catastrophic losses which can easily result in lifelong impoverishment.

PERSONAL

...Protects against many ty.

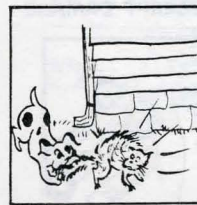
1. COMPREHENSIVE

these situations and mar



GUEST FALLS

Party guest slips, falls, trips or is struck in your home or outside



DOGS OR OTHER PETS

Your pet wanders into neighbor's yard and mauls prize Persian cat



SPORTS

Hunting or other sports accidents---fishing, golf, skating, etc.



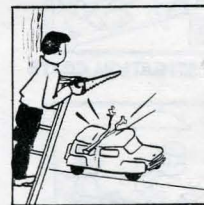
PASSERBY HURT

Hurt because your property falls on or otherwise injures him



FIRE SPREADS

Your burning leaves are too near neighbor's house and start fire



PARKED CAR DAMAGE

Tree trimmer let heavy limb fall on a car parked below

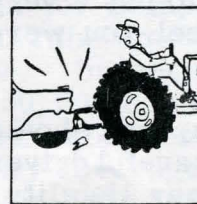
2. FARMERS' COMPREH

any of these situation



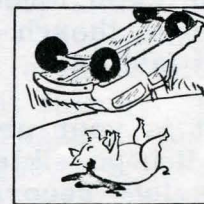
ANIMAL

Team and wagon or any farm equipment causes accident



EQUIPMENT

Tractor causes collision--injury and property damage



HIGHWAY

Stock gets out and causes highway accident

"If you own a home, a family, a dog, or a pair o

LIABILITY INSURANCE

liability for bodily injury and property damage to others

PERSONAL LIABILITY

others are insurable:



HOUSEHOLD EMPLOYEES

Injured while working for you on or away from your premises



NEIGHBOR'S CHILDREN

Falls from a tree or is otherwise injured on your premises



PLAYMATES

Your child injures playmate on or away from your premises



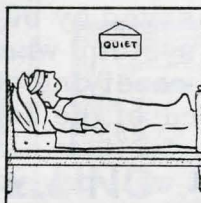
TRADESMAN SLIPS

Injury to people delivering mail or merchandise, trips or falls



ENROUTE

Property damage or injury, enroute and away from own premises



MEDICAL EXPENSE

For injuries on premises or anywhere, whether liable or not

NSIVE PERSONAL LIABILITY

can mean a lawsuit:



SERVICES

Veterinarian at farm hurt when cow jerks loose



EMPLOYEE

Worker injured by falling object, or other accident



GUEST

Guest falls over farm implements, broken steps, etc.

FARMER'S COMPREHENSIVE PERSONAL LIABILITY

Every farmer runs hundreds of risks of damage suits. He is liable for many accidents that may occur on his farm and about his buildings, for injuries caused by his cattle, or machinery, or by the personal negligence of himself or his family. He is often liable for injury to his employees.

Judgments of \$1000 to \$10,000 against farmers are becoming more and more common these days. One reason is the use of more machinery increases hazards. There are more visitors to the farm. The farmer and his family get around more, exposing themselves and others. But most important is the fact that "the farmer can pay". Judgments against him can be collected!

The farm liability policy protects against liability to the public for damage arising from ownership and operation of a farm, the use of farm machinery and livestock. It covers "personal liability to the public for the farmer his wife and members of his household. It covers liability to employees, pay medical expenses regardless of liability, and even protects his livestock.

This broad policy also provides for medical payments to the public, in the types of accidents listed, even though the farmer may not be at fault. Thus it takes care of his moral as well as his legal responsibility. It can also include medical protection for the farmer and members of family over 1 years old.

Premiums are relatively low. They are based on size of unit and number of coverages. Cost can be cut further by deductible clauses.

feet, you should have personal liability coverage"

TEN STEPS TO ADEQUATE PROPERTY AND CASUALTY INSURANCE COVERAGE

1. Protect yourself. What are the worst catastrophes that can happen to you? Insure against them.
2. Look at coverage first, before you consider premium. Cheap in dollars may be cheaper in return on investment when payment is needed for a loss.
3. Deal with fewest possible agents to build a well integrated insurance program. Avoid duplication of coverage, too.
4. Read your policy --- before there's need to collect on it! Insurance contracts are not thrilling adventure reading but they are easier to understand than most people realize.
5. Watch out for exclusions. Know and understand the restrictions and exclusions so you will not be left out on some common loss you expect to be reimbursed for.
6. Note the custom-made features of some newer types of policies, geared to save you both cash and grief. For example, the "floater" policies that make combinations of coverage in one policy that is hard to obtain in individual item coverages.
7. Buy comprehensive. Broad coverages of related hazards sometimes combine two, three, five, ten or twelve policies into one catch-all comprehensive contract. This kind of comprehensive coverage is well worth the seeming added cost. These related hazards are insured under what is commonly known as "extended coverage."
8. Budget-wise purchase. Money can be saved by buying insurance for several years at a time. Some companies even have a system whereby the expirations of your various policies are so arranged that you are receiving coverage for three years at a time on all policies but you pay only one-third of the total three-year premium at one time.
9. Buy deductible. For economy it might well pay you to pay the first few dollars of loss yourself. With a \$50 deductible clause or a three-fourths value clause you can clip off as much as 15% to 20% of your annual premiums.
10. Get yourself an insurance advisor. You need expert help in insurance, and your advisor can be as valuable to you as an expert engineer, medical specialist, or a top-notch attorney. Consider your agent or broker as the man who will represent you AFTER the tragedy! The majority of insurance companies doing business throughout the country are reliable; however, it is only good business to know something about history and standing of the one with which you insure. If more than one company does business in your community, an investigation of their past records and present standing will give you a sound basis for making a choice.

Although there are some differences in the protection offered and the premiums that must be paid to the various companies, these aren't the main issues. That you have insurance is more important than which company to do business with (providing of course, you choose a reliable one). However, whether you carry insurance with some company or bear all risks yourself is a matter you individually must decide.

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