

Lloyd Sadd is dedicated to helping you, our corporate clients, achieve long-term goals and deliver personal insurance solutions that are well-matched to your unique situations. For the past ten years we have provided collective expertise to your personal insurance needs through our VIP Personal Lines Department.

We are now proud to launch our first VIP Personal Lines Newsletter as another way to keep you apprised of current insurance and risk management issues that may affect your personal assets. This changing economy brings with it many new exposures, and it is imperative you understand and reduce your risks to endure the challenging times ahead.

We would like to take this opportunity to introduce you to our VIP team who will work with you to identify and assess your specific insurance needs. We are devoted to building a permanent relationship with you and, above all, provide you with exceptional service.



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We Listen. We Think. We Deliver

Personal, Auto and Umbrella Liability Policies

By Cathy Coleman

A personal liability claim against you has the potential to be financially crippling, yet we never think it is going to happen to us. Perhaps it never will, but in today's litigious society it is a very real possibility we need to consider.

We'd like to address personal liability and what it really means. When you look at the legal definition of liability it means, "A legal responsibility towards others." In order to be legally responsible towards someone, you must be found legally liable in a court of law, or if your insurance company's legal advisors feel it is a very obvious case in which you will be found guilty, they will settle the claim without the additional costs of taking the issue to court. Personal liability also includes your legal costs if you are personally named in a lawsuit.

The average Public Liability and Property Damage (PLPD) for an automobile is \$1 million, and the average limit for personal property is also \$1 million. Consider the following examples and see if you think \$1 million would be enough:

Accidentally turn the wrong way and hit a family of four. You could potentially be sued for personal injury to each of the occupants (medical, loss of earnings – if the provider of the family can no longer work, earnings of their salary could be paid for many years, potential death benefits, etc.) as well as the physical damage to the vehicle.

Your home sustains a fire which quickly spreads to the neighbor's home due to wind. The neighbor's home, along with the vehicles in the garage are heavily damaged.

In each of these instances the \$1 million limit of personal liability may not be enough. You can increase your liability limit, or you can purchase an "umbrella" policy, which is an affordable way to top

up your personal and automobile liability policies.

Visualize an umbrella, underneath are your underlying limits of liability, let's say \$1 million. Sitting over your \$1 million limit is the umbrella coverage which will drop down in the event that your basic coverage has been used, or it can also fill gaps your personal liability will not insure.

The umbrella coverage premium is based on the number of exposures you have, i.e. number of vehicles, residences, watercraft, etc. It generally costs less premium to obtain an umbrella policy than it is to increase your underlying limits.



Not sure if you need this coverage?

Check out the following examples before deciding:

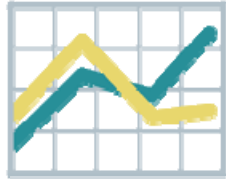
Jennifer New was walking to school with her older sister on her first day of kindergarten when she was struck by a speeding driver. The August 1990 accident left her quadriplegic. She will need a respirator to help her breathe and around-the-clock care for the rest of her life. The jury awarded a sum for damages of **\$13.2 million**.

A woman who was rendered quadriplegic by an auto accident has been awarded **\$3.2 million** by the Supreme Court of B.C. The 47-year-old woman was a passenger in a vehicle travelling on the Island Highway on Vancouver Island in October 2001 when her vehicle was struck by another vehicle and she suffered serious permanent injuries.

An Edmonton resident had an above-ground pool where his child and her friends were playing with adult supervision. The adult went into the house for a few minutes, and one of the children dove into the pool and broke their neck. While this claim is still currently in litigation, it is predicted the judgments against the resident could be in excess of **\$2 million**.

Insurance to Value: As housing prices plummet, the cost to rebuild a home is on the rise.

By Scott Spencer
Best's Review – February 2009



As homeowners across the country watch the values of their homes plummet, they may start to think that their insurance premiums should follow suit. Many people think it's simple logic: Reduced market value equals reduced insurance premiums.

But many don't know the difference between market value and replacement value or understand that they don't often follow the same trend. In fact, even as home values continue their steep decline, the cost to rebuild a home continues to rise.

It's now more important than ever to remind homeowners that their insurance premiums are not based on the current resale value of their homes, but on the cost to replace them.

Residential construction is a world-wide industry impacted not only by the cost of materials, but also the cost of new technology, new building codes and regulations, labor and materials. Home construction costs rose sharply after Hurricane Katrina in 2005, as the demand for building materials, labor and energy outpaced the supply.

Prices continue to rise, according to recent statistics. Reed Construction Data estimates an increase of 4.2% on construction costs from 2007 to 2008, up from the 2.8% estimate from 2006 to 2007 for the same period. Marshall & Swift/Boeckh estimates a 1% to 2% increase on overall construction over the same time period, with higher increases in many metropolitan areas.

Several variables can contribute to the rise and fall of home prices, including: implications of the subprime lending crisis; foreclosure rates; new housing starts; housing shortages; and location. On the other hand, replacement cost variables can include material costs; fuel and energy costs; the cost and availability of skilled labor; and changing construction codes and standards.

When comparing the two, it's important to note that market value variables are mostly forward-looking perspectives with the impact yet to be fully incurred or determined. In contrast, the replacement cost variables exemplify costs that are impacting the housing market almost immediately.

Key factors that have contributed to rising construction costs during 2008 include:

- * Fluctuating energy costs over the past year;
- * Rise in the cost of skilled labor;
- * Increased overseas demand for raw materials and building products;
- * Varying profit margins from general contractors and their subcontractors; and
- * Rise in framing lumber prices and wallboard.

“Homeowners insurance premiums are not based on the current resale value of the homes, but on the cost to replace them.”

Other factors: In a global market, the U.S. dollar is weak. Also, it's harder for construction companies to get loans. Many builders are going out of business, so there is less competition and a lesser need to compete on prices. Recent natural disasters, such as hurricanes along coastal regions, floods in the Midwest and wildfires out West, have contributed to shortages in materials and made it more risky to underwrite homes. The trend to build homes with environmentally-friendly materials, low-impact processes and ultra-efficient heating and cooling technology has added to the cost of building and repairing homes.

Insurance to value is important because it allows homeowners to have adequate limits to rebuild their homes, and allows carriers to collect adequate premiums and have adequate reserves to pay claims. That's why it's important to have certified home appraisers.

Cottage Insurance

By Cory Young - ILSCorp.com

To view original article visit:

<http://www.ilsllearningcorporation.ca/articles/articles/556/1/Cottage-Insurance/Page1.html>

Ever wonder why the traffic is backed up every Friday after work?

People are heading to their cottages for the weekend. For many cottage owners this is the weekly routine from May till September. Often cottage owners have turned their weekend retreat into their second homes, complete with all the amenities and comforts of their city properties.

Insurance coverage for these properties can range from a basic fire policy, to complete all risk coverage including replacement cost for building and contents.

Does your cottage have year round access? Are you located on an island? How far is the nearest firehall? Are you renting out your property during the season for summer or winter activities? These are some of the factors used to determine if coverage is available and the rate of premiums.

Some Insurance Companies offer superior coverage for cottage insurance including:

- Damage caused by bears; Vandalism and Malicious Damage; Weight of Snow and Ice; Collapse; Replacement cost for building and contents coverage

TAKE A MOMENT TO CONSIDER THESE QUESTIONS:

1. Can your seasonal dwelling be rebuilt for the amount you have it insured for now?
2. In the event of a total loss, do you have enough contents coverage to replace all your personal belongings at the cottage?
3. Do you have detached structures on the premises including sheds, sleeping cabins, saunas; these may have to be separately insured? Make sure your outbuilding limits are adequate.
4. Do you have at least two fire extinguishers onsite?



Cottage Safety

No one wants to think about the potential problems that can occur with a vacation home. You want your cottage experiences to be fun and memorable, and this means taking preventative measures to keep it that way. It can be a long time before a fire truck or emergency medical personnel can reach your cottage, so prevention is the rule of the day.

There are certain items you should have on hand to make sure that small injuries can be dealt with immediately, and more serious injuries, tended to before embarking on a journey into the doctor's office or hospital.

Your Safety Checklist:

- First aid kit
- First aid reference guide
- 10 Candles, candle holder
- Waterproof matches
- Metal kettle, pot or even a large tin can for boiling water
- Instant coffee, hot chocolate, tea, or other hot instant beverage
- Granola or Trail mix in a rodent-proof container
- Small axe or hatchet
- Flashlight
- Spare batteries
- Clean drinking water
- Tarp or other plastic sheeting