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Agency Times

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Thoughts From The Desk Of Don . . .

Points Of Interest In This Issue of Agency Times:

- Thoughts from Don
- Young Drivers
- Your Home
- Seasonal Recipe
- Auto Coverage Descriptions
- Christmas Safety Concerns



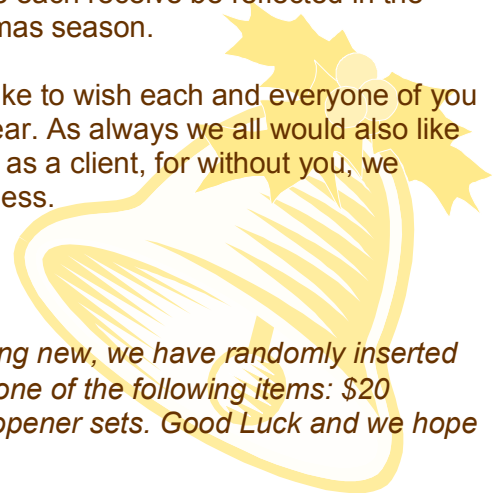
The second half of the year 2006 is turning into a difficult one for many people in the northern part of the state with the economic difficulties faced by the timber industry. From the loggers to the mill employees, and ultimately to each of us who serve all these individuals, the timber

industry slow down is a real concern. Through the many years that I have served the timber industry, I have been fortunate to work with clients who produce the wood as well as those who turn it into a product for our everyday use. I have always been impressed with the work ethic of these timber industry workers and their strong will to survive even when they face the adversity of weather, ecologists, and limited income. These are tough times but I believe that good times are ahead and the problems that the industry faces are designed to make us all better people in the long run. I will continue to be involved as a supporter of the timber industry and look forward to better times for the industry and all the people who have such a significant stake in the viability of the industry.

A traditional seasonal song has the words-"its beginning to look a lot like Christmas." Well, I wonder if the writer of that song or for that part the original singers ever envisioned what Christmas was going to look like in the year 2006! With all of the retail hype the Christmas season is now being referred to as the Holiday season and I believe that it is just a further indication of the overall movement of our society. Well even if the card or the local news indicates that it is the Holiday season I am going to look at the word Holiday and remember that it is a Holy day that recognizes the birth of Jesus. I want to respect everyone's feelings and beliefs and would hope that others will do the same with me. May the joy of the season outweigh the difficulties of the times and may the many blessings that we each receive be reflected in the thanks that we express as we celebrate the Thanksgiving and Christmas season.

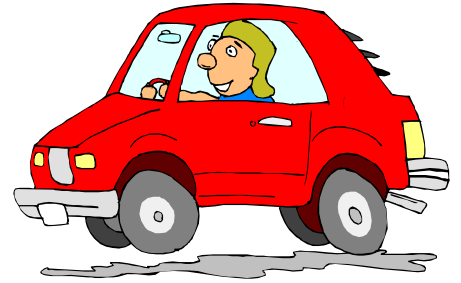
On behalf of the entire staff of the Evans Insurance Agency, I would like to wish each and everyone of you all the best as we celebrate Thanksgiving, Christmas and the New Year. As always we all would also like to Thank You for giving us the opportunity to serve you and have you as a client, for without you, we would not be able to be in this business. Thanks again for your business.

And The Winner Is. With this issue we are doing something new, we have randomly inserted five certificates which can be turned into our office for your choice of one of the following items: \$20 Caribou Coffee gift card, \$20 gas card, or one of our desk pen/letter opener sets. Good Luck and we hope to hear from five lucky clients!



Young Drivers and Auto Insurance . .

When young drivers are added to an auto policy you can expect some significant changes in the premiums you pay. There are ways that you can minimize the increase. The following are some items that you should keep in mind.

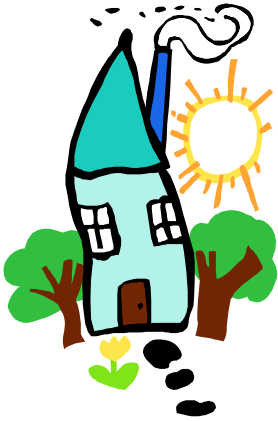


- ◆ Good students typically get a discount of about 15%. Most companies will allow the good student discount with guys and some will allow it with the gals also.
- ◆ Clean driving records are a must—violations and accidents must be avoided.
- ◆ Vehicle count in the household will determine if a student needs to be listed as an occasional operator or principle operator.
 - The occasional operator status generates a smaller percentage increase but typically doesn't give you the freedom to designate the vehicle that the student is rated on. Thus, most insurance companies will list the highest rated driver—the youthful operator on the vehicle which generates the most premium. Assume a household which has two cars, one with full coverage and an older vehicle with just liability coverage and has a youthful operator. The youthful operator will be rated as an occasional operator but the young driver will be listed on the vehicle with full coverage. This assumes there are three drivers in the household, mom, dad and the youthful driver.
 - A principle operator status will be done when the number of cars matches the number of drivers. Thus, in the above example, mom and dad's cars will keep their normal rates if the addition of a youthful driver includes a third vehicle which has only liability coverage.
- ◆ As a general rule of thumb, the addition of a young female as a principle operator would increase the premium by 175% of the normal family rate. Remember, a principle operator is used when the number of vehicles matches the number of drivers in the household.
- ◆ For a young male being added as a principle operator you can expect the normal family rate to increase on average by 300%. Again I am speaking about a principle operator class and a good student would reduce the increase by about 15%.
- ◆ Occasional operator classifications create a smaller increase percentage but when the increase is applied to a full coverage automobile it will create an increase that in some cases can be close to the cost of adding another auto with only liability coverage and the principle operator class. Each situation will be different but if the household does not have newer vehicles and carries only liability coverage on its vehicles the occasional operator class will give the least amount of premium increase.

My suggestion, which is my personal opinion from a parental standpoint, would be to purchase an older vehicle for your young driver. I would recommend that the vehicle have air bags for added safety as the statistics indicate that an accident is much more likely with a young operator. With an older vehicle you won't get as upset with the lack of care provided by the young driver and if an accident occurs, the damage won't be as great. The young driver may decide to drive the vehicle even after it is damaged rather than using the insurance coverage to repair the vehicle and then suffering with potential premium increases. The alternative to purchasing an additional vehicle is to have the parents share an existing vehicle with the new driver. In our very busy lives we, as parents, may find it difficult at times to share a vehicle with a youthful driver when in the past we would usually have a vehicle at our disposal.

Please be aware that we continue to offer young driver interviews and reviews in our office. I will gladly sit down with your new driver and express the importance of safety in many of the same ways that you do as parents. I believe, however, that when presented from my perspective the added exposure to parental concerns could present a situation where the young driver actually hears or retains part of the conversation. I will also give some information about increases in premiums for tickets and accidents. Give us an opportunity to make the parenting job a bit easier!

Your Home...



Will Your Insurance Replace it if it is a Total Loss? We all expect that if our home is lost in a fire, windstorm or other covered peril it will be replaced with a home that is of similar kind and quality. In some situations that may not be the case. Replacement cost provisions in homeowners insurance contracts can give a false sense of security as it is easy to assume that the home will be replaced in a manner that is identical to what we had prior to the loss. Replacement cost provisions on dwellings have restrictions as to values that will be paid and in most cases indicate that the amount of insurance coverage listed must not be less than 80% of the full current replacement cost. Thus if a home is insured for \$160,000 and the replacement cost exceeds \$200,000 the full amount of the replacement will not be paid. In this case since the amount of insurance applicable is determined to be less than the 80% required for the replacement cost the insurance company will pay subject to the deductible the actual cash value or the amount determined from the coinsurance provision whichever is the highest.

The insurance company will pay no more than the limit of coverage applicable to the building if you do not meet the 80% provision. To avoid a situation of this type it is important that the value of your home listed on your policy reflects the current value to rebuild your home. You should keep in mind that building materials fluctuate and have been increasing dramatically in recent years. Are you aware of the current cost of labor? Have you put on additions to your home since it was originally insured? Have you finished the basement? Have you added a hot tub, sauna, gas fireplace or additional bathroom? These are all items that increase the replacement cost and should be communicated to your agent to assure that you have proper coverage for your home. We are here to help with this concern and can run a replacement cost calculation on our computer to approximate your replacement value and attempt to provide adequate coverage for your home. We will need exterior dimensions on your home and special characteristics of your home in order to get the most accurate value possible. Give us a call—we have numerous staff that will be glad to help with a re-evaluation of your home or better yet do a full policy review so that we can attempt to cover as many of your needs as possible.

Office News...

- ◆ In October Nancy Roth joined our office staff as a Customer Service Representative (CSR). She comes to us with several years of office experience and will be a great asset to us.
- ◆ Debbie Fredrickson, who has worked one to two days per week for the past year is leaving us; her friendly personality will be missed. Although she won't be in our office we will be able to visit her anytime at The Forest Lake Restaurant., the restaurant that she and her husband own located in Grand Rapids.

Seasonal Recipe...

CREAMY MOCHA FUDGE

Ingredients

- 2 cups (12-oz pkg.) semi-sweet chocolate chips
- 1 cup milk chocolate chips
- 2 tablespoons milk
- 1 can (14 oz.) sweetened condensed milk (not evaporated milk)
- 4 teaspoons powdered instant coffee dissolved in 1 tablespoon warm water OR 1 tablespoon coffee flavored liqueur
- 1 teaspoon vanilla extract
- 1 cup chopped nuts

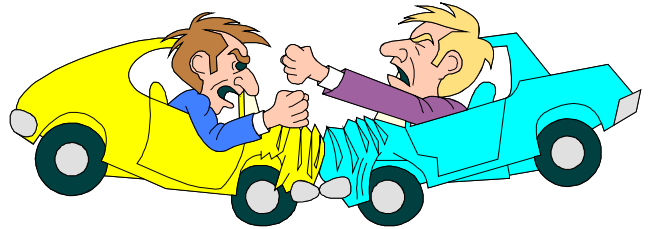
Instructions—line 8 or 9-inch square pan with foil.

Combine semi-sweet chocolate chips, milk chocolate chips, milk, sweetened condensed milk, coffee mixture and vanilla in heavy saucepan. Cook over low heat, stirring constantly until chips are melted. Remove from heat; stir in nuts. Spread evenly into prepared pan.

Refrigerate 3 hours or until firm. Remove from pan; place on cutting board. Peel off foil; cut into squares. Store covered in refrigerator. Makes about 5 dozen pieces or 2 pounds.

Auto Insurance Coverage Descriptions...

Bodily Injury Liability Coverage. Liability coverage is one of the required auto insurance coverages in Minnesota. This coverage protects you against the cost of damage and injury that you cause to another in an auto accident. It's made up of two different coverages; bodily injury liability, which protects you from the cost of personal injury to others; and property damage liability, which protects you from the cost of damage you cause to any physical property. Some examples of physical property include damage to another vehicle, a sign, train, home or even a tree. In an auto insurance policy, three numbers typically describe bodily injury, and property damage liability coverage. An example would be 100,000/300,000/100,000 usually called the split limits of liability insurance which, in the example here, would mean you'd be covered for up to \$100,000 worth of bodily injury caused to another person; \$300,000 for bodily injuries caused to everyone; and \$100,000 worth of property damage.



There is no guarantee that any amount of coverage will be adequate. We do advise though, that a good starting point would be the 100,000/300,000/100,000 level. As your assets and income grow you should look to increase your coverage to protect what you've worked so hard to achieve.

Un-Insured and Under-Insured Coverages. These again are required coverages in Minnesota. Both coverages protect you against injury caused in an auto accident where the at-fault driver's liability car insurance coverage is inadequate. Un-insured motorist coverage is needed when the other driver has no liability coverage. Under-insured motorist coverage pays for the cost of your injuries that exceed the other driver's coverage maximum. These are separate coverages and will always have the same limits. We strongly encourage our customers to use limits for this coverage that match the limits that they have under the Bodily Injury Liability coverage section. Remember this is a coverage that provides benefits to you rather than someone else. In addition, as the amount of drivers without coverage increases, these coverages become more valuable. Premium cost for these coverages are minor in comparison to other coverages. The costs for both of these coverages is typically 10-15% of the total semi-annual auto pre-

Christmas Safety Concerns...

As we decorate for the Christmas season it might be prudent to take a look at some of the following items to see if you are putting your property at a greater risk of loss.

- ◆ Electrical cords for lights-have you overloaded outlets with multiple cords?
- ◆ Are electrical circuits overloaded?
- ◆ If you are using older lights you should be aware that they could be susceptible to shorting due to tacks and other hanging items that you may have used in the past.
- ◆ Electrical cords should not be hanging near doors or lying on sidewalks as they can be damaged and the risk of electrocution can occur. You also increase the risk of injury due to tripping.
- ◆ No indoor lights or interior extension cords should be used outside.
- ◆ Use only approved outlet boxes for interior and exterior applications.
- ◆ If you are using a real Christmas tree you need to be aware of the possibility of animals or young children getting near it and possibly tipping it over. Fire hazards increase with real trees and carpet stains can occur with watering spills.
- ◆ Increased visits from friends and relatives mean that it is even more important for you keep your sidewalks and driveways free of ice and other injury hazards.

The information in this newsletter is meant as a guideline only. There is nothing in this newsletter that alters the coverage or interpretation of any specific insurance policy. Because some statements are generalizations, and because different company's policies contain slight differences, please refer to your specific policy or call our office.