

## *SIMPLE PROTECTION MAY SAVE BIG BUCKS AND HEARTACHE*

A very strange occurrence unfolded several years ago in Western Pennsylvania. A Little League player hit his pitch with a solid whack. At the same moment, the second baseman happened to be out to lunch. He didn't even realize the ball had been pitched until the excellent hit smacked him full force in the face. Did it end with providing medical care for the second baseman? Oh, no! The parents of the second baseman found a way to successfully *sue* the parents of the batter - for injuring their son.

Liability is alive and well in our litigious society. Sometimes our best line of defense is to ensure we have simple protections in place. Three basic protections are needed by most of us: automobile coverage, homeowner's coverage, and Umbrella liability coverage. None of us wants to increase our insurance bills, so what do we need to know that may ultimately *save* us some money?

First of all, remember that insurance is a tool offering protection from catastrophic loss. Insurance is *not* a type of "maintenance" contract. If it were, premiums would become confiscatory. Consumers purchase insurance to offset the *greatest* possible financial loss.

Secondly, ask yourself, "Would I rather buy maximum protection, or, lower my deductible?" Most of us would rather allocate our premium dollars for adequate coverage, and trim costs by accepting a higher deductible. State Farm agent Steve DiOrio, of Wayne, Pennsylvania, clarifies this perspective by reminding us that a deductible of \$1000 today may be the equivalent of a deductible of \$500 in past decades - simply because of the loss of purchasing power due to inflation.

Working with an insurance professional such as DiOrio may be important in planning a cost-effective program for you and your family. He shared tips with respect to selecting full or limited tort automobile coverage in Pennsylvania:

"Full tort auto coverage provides unlimited ability to sue for pain and suffering, if hurt in an accident. With limited tort, on the other hand, ability to sue for pain and suffering is *restricted* to the circumstance of serious injury only. Pennsylvania defines serious injury as "serious impairment of a bodily function." Exceptions to this limited tort restriction are: accidents involving drunk drivers, uninsured drivers, or out-of-state drivers.

Should a consumer decide to purchase limited tort coverage, the policy is likely to be less expensive than a full tort contract. Fortunately, a second savings has

occurred since limited tort became available in Pennsylvania. Following a statewide drop in overall claims' costs, there was an increase in the number of insurers offering lower premium rates. DiOrio concluded by reporting that Insurance companies don't just pay claims, but also try to eliminate fraudulent ones. Lower costs serve everyone's best interests."

Homeowners often purchase adequate coverage when buying their homes, but forget to review their policies in subsequent years. Over time, improvements - such as finishing the basement, and market appreciation, are likely to trigger the need to increase policy limits. A standard homeowner's policy does not cover floods, and typically excludes backup of sewers and drains, as well as wet basements. If water is a concern, or you have a sump pump, consider a policy endorsement. It might pay for itself!

With respect to personal property, consumers often overlook the need to protect high-ticket assets such as jewelry, artwork, or collectibles. Such items will probably be subject to a formal appraisal and require a separate rider to be fully protected.

As evidenced in our opening paragraph, one may need liability coverage for the truly *unexpected*. For many, a cost effective solution is the purchase of an Umbrella liability policy. Such policies provide additional liability coverage above the limits of one's homeowner's, auto, and boat insurance (if applicable) policies. Most insurers require minimum automobile liability limits of \$300,000 for bodily injury/ \$100,000 for property damage, as well as homeowner's liability coverage of \$300,000, for eligibility to purchase an Umbrella liability policy with coverage of 1 million or more.

To determine whether such coverage may be appropriate for you, add up your assets - the value of your home, your business, money in the bank, stocks, bonds, retirement plans, life insurance cash value, and other assets. If the total is higher than your existing liability coverage, you may have a gap in your basic protection.

This article offers a simplistic overview of common protection needs. To avoid overpaying for insurance, it is crucial to determine your unique needs and then assess the menu of coverages available. I recommend consulting with your insurance or financial professional to help ensure your family is fully protected. Please e-mail me [joslyn@entrustfinancial.com](mailto:joslyn@entrustfinancial.com) with your thoughts or questions.

**Joslyn G. Ewart, MEd, CFP®, CDFIA™**  
**ENTRUST FINANCIAL, LLC**  
940 West Valley Road, Ste. 1902  
Wayne, PA 19087  
610.687.3515  
[www.entrustfinancial.com](http://www.entrustfinancial.com)

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