

SOME FREES CLAIM ADVICE

Frees Insurance, Inc. 120 Gay Street, Phoenixville, PA 19460

610-933-4950

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Claims 2007

The staff at Frees Insurance is always here to help. When you call you can talk to any of us regarding your account.

We are:

Robb Nancy Lisa
Patty Dianne Kelly
Dave

How an Accident Impacts Your Rates

When an accident occurs, the financial consequences of a loss are always a concern. Fortunately, the Laws of the Commonwealth govern how all insurance carriers deal with losses. Insurance companies are required to file, in advance, how much a premium will increase if a loss occurs. The law also stipulates that two things must occur

before a carrier can increase a premium. First, the insured must be responsible for the damage. Second, the damage for the first loss must exceed \$1,150.

If the loss meets these two requirements, the average annual cost increase is typically around \$400. (This amount varies depending on the levels of coverage and the number of cars you insure.)



Supplemental Insurance for Rental Car

We often hear from our clients when they are about to rent a car. The number one question is, do we need to purchase insurance from the rental agency? The simple answer is no. Your auto insurance policy coverage does apply to your rental car.

However, we here at Frees Insurance believe you should consider purchasing the coverage anyway. Even though you are covered, there are several reasons you should purchase this additional coverage.

- 1) All claims are subject to your deductible, so you will be paying the deductible out of your pocket.
- 2) Many rental car agencies charge a fee for loss of income for every day that a rental car is off the road. Therefore, if you have an accident with a rental car and it takes a week to fix that car, you will be charged a daily rate for every day the car is off the road. Your insurance does not cover this charge.
- 3) If you use your insurance to cover a loss in a rental car, your policy will suffer the consequences.

The bottom line is, if you take the rental car agency's insurance and you are in an accident, you simply return the car to the agency and go on your way. We believe the peace of mind and ease of dealing with it is well worth the nominal fee.

Collision Coverage vs. Other Than Collision

Liability insurance is what the Commonwealth requires that you provide in the event you damage someone else's property. Protecting your own car is done with Other than Collision and Collision coverage. Collision

coverage protects the car against collision or over-turn. Other than collision protects the car against fire, glass damage, theft, vandalism, and hitting an animal. Filing a claim under the Other than Collision coverage

will never increase your premium. However, your premium may be increased if you file a Collision claim for damage for which you are responsible. (If you are not at fault, your premium does not increase.)

Please do not hesitate to speak with us about filing any claim so we can review the consequences.

Power Surges—Are They Covered?

In an effort to keep you as informed as possible, we would like to discuss power surges. Here in Pennsylvania weather plays a major role in the loss of power and power surges in our neighborhoods. We enjoy snow storms in the winter and Thunder storms in the summer, therefore our power supply can be effected year around.

The standard wording regarding power surges in most Homeowners policies is included under the Exclusion section. It states as follows: The failure of power or other utility service is not covered if the failure takes place off the "residence premises". But, if

the failure results in a loss from a Peril Insured Against, on the "residence premises", the insurance company will pay for the loss caused by that peril.

In other words, the power surge must originate on your property and it must be from a covered peril, such as a tree falling on the power line or lightning striking a power source.

The bad news is that this leaves a lot of types of power surges that may not be covered under your standard homeowners policy. Such as if the surge originates down the block or around the corner.

The good news is that you can purchase additional coverage that would cover some of these occurrences.

By purchasing the endorsement HA-15 you can have your property covered for power surges. It costs an average of \$75 per year to add this endorsement to most policies. Given the fact that household electronics could be valued in the several thousands of dollars, this coverage is relatively inexpensive.

If you have extensive electronics, computer or appliances in your household, we recommend that you give us a call to discuss this very important coverage.



"The power of accurate observation is commonly called cynicism by those who have not got it."

George Bernard Shaw

Homeowners Insurance Should you file a claim or not?

One of the most frequently asked questions here at Frees Insurance is regarding filing a small claim. There are a few reasons why you should think about it prior to filing a claim. If you have a claim that is in the thousands of

dollars its an easy call, you should definitely file it. However, if it's under a thousand dollars and could affect your premium for the upcoming years its not so clear cut.

To better understand the advantages and disadvantages of filing a claim, there are a few things that you should know regarding pricing of your homeowners insurance. First, most carriers offer clients a loss free discount of some kind. What this means is you receive a credit if you have not filed a claim in the last three

years. This credit remains in place if your claim is considered a Catastrophic loss, meaning several homes were affected by the loss. The credit offered by most carriers is typically 20%.

Conversely, when you file a claim carriers often will add a loss surcharge to your policy. The surcharge averages 25% for the first eligible loss. As you can imagine, filing a small claim could cost you significantly if you were to both lose a loss free discount and incur a loss surcharge.

Going hand in hand with not filing small claims, we recommend reviewing your deductibles. For instance, if you aren't going to file a claim for less than \$1,000, it makes sense for you to increase your deductible to that amount. This way you will be saving money annually on your premium while at the same time protecting your loss-free status.

This may all seem a little confusing, therefore feel free to call our office to discuss this important coverage in person. As always, we can be reached at 610-933-4950.

