

## Taking the Risk Out of Renovations



Dear Policyholder,

Spring is a time for new beginnings, and for many of you, that can mean improving your home. To help

ensure that your project goes smoothly and safely, I encourage you to read our article on the subject, as well as take advantage of the other ideas in this newsletter. On behalf of The Atlantic Companies and the Van Dyk Group, I wish you a safe and secure spring.

From my home to yours,

Dan Olmsted, President and CEO

It's an American tradition to improve your home with renovations and additions. Before you start a project, though, be aware of your increased exposure to loss due to fire, theft, and injury during the course of construction. With proper planning, you can minimize your risk and perhaps even come out ahead.

### Before Construction

Call your insurance agent to discuss your plans and get advice on several important issues:

**Builder's risk endorsement:** If you are going to live in a temporary residence during construction, you will need a builder's risk endorsement added to your Home policy to ensure proper coverage. The risk of fire, theft, vandalism, and frozen pipes greatly increases when homes are left unoccupied during construction.

**Liability:** If the workers coming to your home don't have adequate insurance, you may be held responsible for injuries and accidents that occur on the job. Your agent can tell you how to verify their insurance. You may also want to temporarily increase the liability limits on your policy.

**Opportunities to save:** With your home under construction, it may be the time to upgrade your alarm, plumbing, or electrical systems. Upgrading can earn premium discounts on your policy.

**Home value:** Improvements to your home will increase its value. The change needs to be reflected in your policy to ensure proper coverage.



### During Construction

- Create worker and occupant ground rules. If you will live in or visit your home during construction, set rules with workers on start and end times of workdays, and when rooms are off limits. Plan to handle disruptions of regular activities, from parking to meals.
- Make sure everyone who enters or approaches the home is aware that noise, dust, debris and scraps, welding tools, and sharp objects are risks. Let every person near or in the house know they must heed safety practices.
- Post emergency numbers for the fire department, police department, and ambulance prominently and close to telephones.
- Keep portable fire extinguishers easily accessible, preferably on every level of the home.
- Forbid smoking on the work site.

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## Help Prevent Water Damage from Inside and Out

Water damage is responsible for more homeowners' claims than fire, storms and theft. Fortunately, if you spend one afternoon doing a quick inspection of trouble spots now, you can minimize the chance of spending a lot later to fix damage.

### Outside

It's spring – a great time to check the outside of your home to see what damage may have been done by winter.

**Roof and gutters:** Check for split or raised shingles and signs of sponginess. Pay special attention to the seams or flashing around chimneys, plumbing vents, attic vents, and sunlights. Have gutters cleaned and drain spouts cleared. If you saw icicles during the winter, inspect the indoor and exterior walls underneath for bulges or discoloration, which could indicate water damage from ice dams.

**Windows and doors:** Look for peeling or discolored paint or caulking, which can be a sign of water penetrating the wood. Pay special attention to corners.

**Foundation and exterior walls:** Clear away compost or leaves piled up against the outside walls. Make sure at least eight inches separates any wood and earth. Look for cracks and broken



seals in the foundation and walls, especially at piping or wiring entry points.

**Landscape grade:** Have soil graded from the foundation so that water flows away from the house during rains.

### Inside

Checking inside your house is even more important than checking outside, because leaking pipes and faulty appliances cause most water damage.

**Washing machine, dishwasher hoses:** Inspect hoses every change of season. Replace them immediately at the first sign of weakness or wetness and at least every three years. High-pressure, metal-mesh hoses will work wonders and cost less than \$20. Shut off the water valves to the hoses if you're going away for the weekend or longer.

**Automatic ice-maker:** Periodically inspect the hose or pipe leading to the ice-maker in your refrigerator. Watch out for kinks. Have a licensed plumber replace the hose if you see signs of age or leaking.

**Hot water tanks:** Look around your water heater for signs of leaks. Hire a professional to inspect heaters more than five years old. If your heater is not on the lowest level of your home and near a floor drain, make sure it is placed inside a drain pan with a pipe to the floor drain.

**Sinks:** Shine a flashlight on the pipes under your kitchen and bathroom sinks every few months. Call a licensed plumber if you notice signs of leaks or rust. Place a basin underneath the drainpipes in case a slow leak develops.

**Showers and bathtubs:** Watch for discoloration, swelling or soft areas around adjacent floors and walls. Inspect caulking and tile grout at joints for cracks or mold.

**Sump pump:** Make sure it's clean and in good working order. Remove debris from the pit. Test the pump by pouring buckets of water into the sump pit until it activates. Consider a battery back-up in case a severe storm disrupts power.

### Automatic Water Shutoff Devices Add Protection, Earn Discounts

In some states, the Atlantic Master Plan offers discounts of up to 2-5 percent on your Home policy premium if you have an automatic leak detection and water shutoff system installed.

These systems detect leaks by monitoring water flow patterns and pipe temperatures or sensing moisture

below common sources of leaks, such as a water heater. When the sensors are triggered, a device placed on the main water line into the house automatically shuts off the water supply. Usually, the system sounds an alarm, and in some cases, signals a central monitoring station.

The cost of these systems can range

from \$500 to over \$1,000, depending on the size of your home. If that sounds like a lot, consider the savings if you avoid even one major leak.

Some names of systems are FloLogic, WaterCop, and Flood Stopper. Consult with your plumber to discuss which system might be best for your home.

## How to Protect Yourself When You Rent a Car

Unfortunately, there is no single source of seamless protection when you rent a car. To choose wisely, you must understand the coverage provided by your auto policy, credit card, and rental agreement before you approach the rental counter.

### Atlantic Master Plan

If you have an Atlantic Master Plan Auto policy with collision, comprehensive, and liability coverage, and an Umbrella policy for excess liability, you already have an advantage. In contrast to standard policies, the Atlantic Master Plan covers:

- Damage to the rental car worldwide.
- Up to \$1,200 for the lost rental income the rental company may charge you for while the car is being repaired.
- Liability damages matching at least the minimum coverage required by the state in which you are renting – even if it exceeds the limits in your policy.

However, there are limitations.

- Coverage is limited by the actual cash value of the most highly valued vehicle on your policy. A rental car company may hold you responsible for

the full value of the rental. If you rent a Ferrari and the best car you own is a Lexus, you're exposing yourself to a large risk.

- Liability coverage under the Auto policy does not extend outside the U.S.

### Credit Card

Will your credit card fill the gaps? Maybe. Review your card agreements and use the one that provides the best coverage. Unless it offers primary coverage – i.e., pays first -- it may only reimburse you for your deductible after your own insurance pays. Even then, the card probably won't cover:

- Liability claims.
- Certain types of vehicles such as luxury cars or large SUVs.
- Rentals from companies not named in the card agreement.
- Rentals beyond a certain number of days.
- Driving in certain countries – e.g, Jamaica.
- Repair bills not documented within a specified time and paid by you first.

### Rental Company

So, should you purchase the protection offered by the rental company – typically a loss damage waiver (LDW) for between \$9 and \$19 a day? The safest answer is yes, but it does not relieve you of having an auto policy with adequate coverage and limits. The LDW does not cover liability and it may not cover:

- An accident you cause by speeding, driving on unpaved roads or driving while intoxicated.
- An accident caused by drivers not listed on the rental contract.

Ultimately, how much you are willing to risk will determine your decision on what to do. Considering the gaps in protection provided, you should be especially wary when you rent:

- A vehicle much more expensive than the one on your policy.
- Out of the country (especially for Liability).
- For a month or more.
- An unfamiliar vehicle in an unfamiliar region with poor traffic conditions.

## Renovations (cont'd)

Require workers to clean up debris daily, since construction materials are combustible. Rags and solvents are especially dangerous because they can spontaneously ignite. Insist upon having them removed and stored properly off site on a daily basis.

- Turn off water and gas supply lines if not needed.
- Never disconnect fire or security alarms. Dust from sanding and plastering can trip detection systems. Cover these units but remove the covers

at night, when fires often occur.

- Consider motion-activated lighting, fencing, gates across driveways and security guards to help protect an unoccupied house. Use a locked garage or room to store tools and materials.
- Store jewelry, valuables, and documents in a safe or fire-resistant box or off premises. Back up computer files of important records and information.

### After Construction

- Let your agent know the project is

complete and discuss once again the proper adjustments necessary on the replacement value of your home, which is reflected on your Home policy as the dwelling limit. Properly notifying us of the improvement is required to keep our promise of guaranteed replacement cost on your home intact, which is one of the most important benefits of your Atlantic Master Plan policy.

- You may also want to increase your liability coverage if improvements included, for instance, a swimming pool.

## Work-at-Home Convenience Can Lead to Complacency, Risk



Tens of millions of Americans hang out a shingle as a consultant, start a dream business in the garage or spare bedroom, or work from home for a company job. If you're one, don't leave yourself unknowingly exposed to financial risk.

Whether you're employed or self-employed, beware of safety and fire risks, as well as financial perils including workers compensation coverage and liability.

Risks range from children tripping over storage boxes ... to losing important work documents in a power failure ... to watching a career's work destroyed in a fire. Even if you've built the most up-to-date home office, be sure to mitigate these notable risks.

- Define work space and equipment. Make a list of business assets (such as computers) if used in the home. See the adjacent article for homeowners insurance coverage and limitations for business assets. Ask your independent insurance professional if additional coverage is needed.

- Prevent trip-and-fall risks. Don't squeeze work materials and equipment into inadequate space. Guard against overcrowding, particularly if business visitors or vendors come to call.
- An extension cord running across the room is both a trip hazard and an electrical hazard. Move desks closer to outlets and phone jacks, or install new outlets and circuits. Use only power strips with surge protectors, advises the American Society of Safety Engineers. Never run extension cords under a rug.
- Make sure you are not overloading your electrical system with computers, fax machines, printers and other office equipment. Although circuit breakers and fuse boxes should prevent this problem, they don't always work. Good warning signs of overloading are flickering lights, fuses that blow or circuit breakers that trip frequently. Also, beware of outlet or switch wall plates that feel hot. Whatever you do, don't replace a troublesome fuse with one that has a higher AMP rating. Call a licensed electrician, who can talk to you about upgrading the circuits and wiring in your home.
- Develop a fire evacuation program. Second-floor offices need ladders as escape routes.
- Keep cooking devices, coffee pots, and space heaters out of the work area. Don't smoke. Have a fire extinguisher that is effective for electrical fires.
- Don't overload shelves with boxes of paper.
- Look at ergonomics. Muscular and skeletal injuries from chairs or keyboards are dangers. Poor lighting can lead to eye strain.

### Atlantic Master Plan Benefits If You Work at Home

Many policies on the market today have a \$500-\$2,500 sublimit for business use of a home, but the Atlantic Master Plan Home policy insures up to \$10,000 per occurrence for losses to property (not otherwise insured) used primarily for a business. Electronic data processing (EDP) equipment is insured to a limit of \$2,500 per occurrence while it is away from the home.

If that's inadequate, the Atlantic Master Plan offers optional enhancements – such as increasing the coverage for business property to \$25,000 and the coverage for EDP equipment to \$5,000 while it is away from your residence.

While the Atlantic Master Plan offers coverage that is superior to standard Home policies, you should also know its limitations.

- If you conduct your business in a building on your property that is not attached to your home, and the primary use of that building is for your business, the structure is not covered by your Home policy.
- Injuries that occur on your property to people you employ for your business are not covered by the liability coverage in your Home policy.
- The Home policy does not cover loss of business income.

To learn more about how you can protect yourself properly, consult with your agent.

**Note:** The safety recommendations in this newsletter should not be viewed as covering every conceivable situation. It only highlights a few of the more common preventive steps. Other or additional steps may be necessary. Any descriptions of coverage in this newsletter are meant to be general in nature and do not include nor are intended to include all of the actual terms, benefits and limitations found in an insurance policy. Coverage may vary by state. The insurance policy and not this newsletter will form the contract between the insured and the insurance company, and governs in all cases.