

Insurance Briefs

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Can I Borrow Your Car – And Your Insurance?

“Bill, can I borrow your truck?” I have to pick up a new mattress.” Questions like this are routine. Friends and neighbors borrow and lend their vehicles. College roommates borrow their friends’ cars. Six cars are parked in a driveway at a party and one needs to be moved so another car can pull out. The owner tosses someone the keys and tells him to move it. When situations like these end with an auto accident, whose insurance pays – the owner’s or the borrower’s?

In general, the vehicle owner’s policy is primary and pays first in the event of a loss. If for some reason the owner’s policy does not cover the loss or provide enough insurance to fully cover it, the borrower’s policy will apply. For example, assume that Joe has a policy with an insurance limit of \$100,000 for injuries to one person and Bill’s policy has a limit of \$250,000. Joe borrows Bill’s car and severely injures a pedestrian, resulting in damages of \$300,000. Since Bill owns the car, his policy will pay first. It will pay \$250,000 (his limit of insurance,) and Joe’s policy will pay the remaining \$50,000. If Bill’s policy does not cover the loss (for example, if he had let the policy lapse,) Joe’s policy would pay all of its \$100,000, but Bill and Joe might be individually responsible for paying the balance.

The owner’s insurance will also be primary for damage to the car itself. However, the borrower’s insurance can make up for a difference in deductible. Suppose Joe has a \$500 collision deductible on his car and Bill’s collision deductible is \$1,000. Joe totals Bill’s \$5,000 car in an accident. Bill’s insurance will pay \$4,000 for the car (\$5,000 minus the \$1,000 deductible,) and Joe’s insurance will pay \$500 (Bill’s deductible minus Joe’s \$500 deductible.) If Bill’s insurance is uncollectible because he didn’t buy collision coverage, Joe’s policy will pay \$4,500 (\$5,000 minus the \$500 deductible.)

A person must have the car owner’s permission to borrow before the owner’s insurance will cover him. The insurance company will consider the person to have permission if he had a reasonable belief that he could use the car. For example, if Bill at one time said to Joe, “Take the car whenever you need to; the keys are on my desk,” and Joe had in fact borrowed it several times with no objection from Bill, it would appear that Joe had a reasonable belief that he could use it. On the other hand, if Bill never said anything to Joe about using the car, and Joe had to search Bill’s home to find the keys, Joe’s belief that he could use it might not appear to be so reasonable. In this case, Bill’s policy might not cover Joe’s liability for injuries or damages. Worse, Joe’s policy might not cover him, either.

Permission must come from the vehicle’s owner, not from a member of the owner’s family. Joe will not have coverage if Bill didn’t give him permission but Bill’s teenage daughter told him to use it. However, the daughter has coverage if she borrows the car, with or without permission. A member of the owner’s family has coverage without having to prove they had permission. To be considered a family member, such a person must be related to the owner by blood, marriage or adoption.

Before borrowing someone else’s car, we advise people to do the following:

- Make certain you have the owner’s permission.
- Make certain the owner has insurance in-force on the car.
- Check your own insurance (to see if it will cover damages the owner’s policy doesn’t cover.

An insurance agent can assist you with the third item. Ask the questions ahead of time to avoid unpleasant surprises later.

Welcome to the Jackson & Jackson Insurance Agents and Brokers Newsletter!

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent insurance topics which may affect you and your family. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.



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Tackling Child Safety Seat Challenges

If you're about to hit the road with young kids in tow, listen up. It's extremely likely that you either have the wrong child safety seat in your car or that your seat is not installed incorrectly. As a matter of fact, nearly three out of every four child seats in U.S. cars show an obvious mistake in selection or installation that could pose a risk to the child's safety.

Of course, with a barrage of different child seat options, safety regulations and complex installation instructions, it's no wonder parents often get confused. However, one tiny child seat blunder could result in tragic consequences. So before you strap in your precious cargo and get motoring, take a closer look at that child safety seat.

Here are a few things every parent or caregiver should know about child safety seats:

The right seat

Countless parents make their first child safety seat misstep in the store simply by purchasing the wrong type of seat. Here's a quick guide on what type of seat you should buy your child:

- **Rear-facing seats:** Infants should ride in rear-facing child safety seats for as long possible, according to pediatricians and safety experts. You should not switch your child to a forward-facing seat until she is both one year old and weighs 20 pounds or more.
- **Forward-facing seats:** Once your child has his first birthday and reaches the 20-pound mark, you can switch him to a forward-facing seat. Your child can continue to ride in a forward-facing seat until he grows tall enough that his ears are level with the top of the seatback, his shoulders go beyond the top-most harness slots or he reaches the seat's weight limit, as specified by the seat's manufacturer. (Refer to the seat's manual or look on the back of the seat for the weight limit.) Forward-facing seats typically have a weight limit of 40 pounds.
- **Booster seat:** Once your child is too big for a forward-facing seat, you should switch him to a booster seat. (The average child typically moves into a booster seat around the age of four.) According to the National Highway Traffic Safety Administration, your child should continue riding in a booster seat until they are 8 years old or 4' 9" tall. Here's another way to test whether your child still needs a booster: if he can bend her knees comfortably at a 90-degree angle when he sits with his spine flat against the seatback, your car's shoulder belt straps across his chest (as opposed to his throat), and the car lap belt fits across his hips (not his stomach), then he is probably ready to ride without a booster seat.
- **Back seat:** Once your child is big enough to stop riding in a booster seat, he should ride in the back seat of the car until he is at least 13 years old. Of course, he should wear a lap and shoulder seat belt at all times, as should everyone in the car.

Some states have passed specific child safety seat laws, so make sure you know and abide by the law in your state.

The perfect fit

Another child seat mistake many parents make is the way the harness fits on their child. Experts say many parents do not pull the harnesses snugly enough on the child.

To ensure that your child's harness fits properly, try the "pinch test." If you pinch the car seat strap lengthwise and there is a loop of any size between your thumb and forefinger, the harness is not tight enough.

Proper installation

Of course, the biggest challenge with child safety seats is installing them correctly. Because every car and child seat is different and installation manuals are often incredibly confusing, parents are bound to make mistakes when installing their child's seat.



Luckily, in 2002, the federal government mandated LATCH (Lower Anchors and Tethers for Children). This system improves child safety by eliminating the need to use seat belts to install a child safety seat in a car, and it also makes the installation process a little easier. Cars with the LATCH system have anchors located in the back seat where child safety seats can easily be fastened. Nearly all vehicles and child safety seats manufactured on or after September 2002 include the LATCH system. However, if you have an older car or child seat, you will still need to use the seat belt to install the seat.

To ensure that your child's safety seat is installed correctly, find a child safety seat expert in your area. You can find a list of certified CPS (Child Passenger Safety) Technicians and Child Seat Fitting Stations at www.nhtsa.gov or seatcheck.org. You can also call 866-SEAT-CHECK or the NHTSA hotline at 888-327-4236.

Tough Economy Could Cause a Spike in Car Thefts and Other Crimes



In the midst of a full-blown recession, our country is likely to see an increase in at least one area: crime. As the rate of unemployment sky-rockets and law enforcement budget cuts sweep the nation, experts say a spike in crime (particularly property crimes) is imminent.

The shocking statistics

Although the latest FBI statistics show that violent crime fell 3.5% and property crimes dropped by 2.5% in the first six months of 2008, the agency's final 2008 statistics are not available yet. However, based on historical evidence, experts predict that a swell in crime is in the cards—and it may already be occurring.

As a matter of fact, 43% of police departments reported rising levels of “recession-related crimes,” according to a recent Police Executive Research Forum survey of 233 police departments. Of those surveyed, 40% of departments said thefts had increased in recent months, 39% said robberies had risen and 32% reported a boost in burglaries.

Sociologists and other crime experts say this uptick in crime is not surprising. History shows that crime rates generally peak during or immediately after a recession. In fact, the U.S. underwent an increase in crime during each of our last five recessions.

Experts point out that police department budget cuts will only magnify the problem. Due to declining sales and property taxes, law enforcement agencies throughout the nation are being forced to activate hiring freezes, postpone buying equipment and even lay off officers.

Protect your vehicle

In the heat of rising property crime rates, experts are strongly encouraging people to take extra care to protect their homes and cars. Here are a few ways to decrease your risk of becoming a car theft victim or at least minimize the financial impact:

- Install a car alarm.
- Always roll up your car windows and lock the doors.

- Never leave valuables in plain view in your car. Lock shopping bags in the trunk and place any electronics, including portable GPS systems and iPods, in the glove compartment.
- Never park in a secluded area. Find a crowded, well-lit area and try to park near vehicles that are similar in size to your car. If you park a small car between two large trucks or SUV's, it's an easy target—thieves can hide behind the cover of the larger vehicles while they break into your car.
- Remove your garage door opener from the car. Some thieves will steal garage door openers and look for mail or other documents in the car with your address on it. Then, they'll rob your house when you're away.
- Make copies of all the documents you need to keep in your car, including insurance ID cards and registration documents. Black out your home address on the copies. Keep the originals at home or in a safety deposit box, and put the copies without your address in your car. (This ensures that thieves can't find out where you live.)
- Carefully review your auto and homeowner's insurance policies. Items stolen from a car that are not actually part of the vehicle typically are not covered by auto insurance policies. Therefore, you may have to claim thefts of portable electronics, jewelry and other items stolen from your car under your homeowner's policy. You should also look at your current coverage amount and determine if you need to increase your maximum limits to cover your personal items.
- Consider purchasing a personal article insurance policy for expensive items like engagement rings, fur coats or other valuables. These policies often include worldwide coverage and no deductibles.

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One of the great things about owning a bike is the ability to personalize it, but many of these customizations aren't covered unless you purchase a separate motorcycle policy. Typically, a basic motorcycle policy will extend coverage for custom parts and equipment up to a specific limit, such as \$1,000. If your custom accessories or parts are worth more than the basic policy limit, it's a good idea to purchase additional coverage to cover those parts in case they're ever damaged. Also, be sure to ask for a list of the specific custom parts that are covered, and any exclusions that may apply.

Keep in mind that although you will be paying a separate premium for motorcycle insurance, you may qualify for discounts. Many insurers offer discounts for multi-motorcycle policies, mature drivers, and insuring both your auto and motorcycle with the same company. In some instances, you can receive a discount for attending safety training programs, or for becoming a certified motorcycle safety instructor.

Endorsement or Separate Policy: What's the Best Way to Insure Your Motorcycle?

As the weather warms up, more and more riders will be hitting the streets with their motorcycles. Whether you're a weekend rider or a hardcore road warrior, you want to be sure your valuable bike is covered for any contingency.

As a motorcycle owner, you are faced with the decision of whether to insure your bike by adding an endorsement to your auto insurance policy, or by buying a separate policy. It's important to understand the differences between the two so you can choose the option that best suits your needs.

An endorsement is a document that is added to a basic policy either at the time the policy is purchased, or during its term, which becomes part of the policy and increases the coverage provided by that policy. If you insure your motorcycle by adding an endorsement to your auto insurance, you will only have one insurance bill to pay to cover both your car and your bike.

However, there are certain disadvantages to insuring your motorcycle this way. In most cases, you cannot customize your insurance with an endorsement. You are

locked in to the same coverages, limits, and exceptions for your bike that apply to your car. That's why it is important to discuss with your insurance agent what a motorcycle endorsement covers and how it's covered before you add it to your auto policy.



Your insurer may offer you the choice of purchasing separate coverage for your motorcycle. While motorcycle insurance does vary by state and insurance company, one thing remains the same; your driving history and credit score may impact your eligibility. Riding a motorcycle is a higher risk activity than driving a car; if you have a number of tickets or accidents on your driving record, you may be considered too high a risk for the insurance company to extend separate coverage.

If you qualify, there are certain advantages to having a separate policy.

Because these policies are created specifically for motorcycles, they offer more coverage options. For example, a motorcycle policy allows you to choose higher liability limits than you have on your auto insurance.

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