

The Merriam Bulletin

Insurance Since 1895

“What’s News in Insurance?”

Spring 2010 Merriam Insurance Agency 376 Broadway, Schenectady, NY 12305 Tel 518.393.2109 www.merriaminsurance.com

A Message from the President...

7.0, 8.8, 7.7, 7.1. What do these numbers have in common? They are all Richter scale readings for the earthquakes that occurred this year in Haiti, Chile, Sumatra and China on January 12th, February 27th, April 6th and April 14th respectively. Earthquakes seem to be in the news a lot lately.

This past March 11th I took my 16-year-old son to visit friends of mine with whom I had done previous missions work in Haiti. I wanted my son to see how many other people of the world live when not blessed to be in America; I wanted him to walk the streets of a city where over a quarter of a million people died in approximately 7 seconds. To quote my son exactly, “It changed my life.”

90% of the buildings that were destroyed in Haiti were not covered by insurance of any kind, much less earthquake coverage. Accordingly, hundreds of thousands of Haitians that had very little before the quake, have been left with literally nothing but the clothes on their backs; a tragedy of staggering proportion.

Here is a fact that may surprise you: the standard issue property insurance policy in America does not provide earthquake protection. Even in California, where earthquakes happen more frequently than in other parts of America, only about 12% of homeowners have earthquake coverage, according to the California Earthquake Authority (CEA). Furthermore, this percentage is down from 30% in 1996. A common reason cited for dropping coverage is the cost versus the perception that it does not provide sufficient value. Yet, in spite of this reasoning, according to the U.S. Geological Survey, there is a 70% chance of a 6.7 or larger quake hitting the San Francisco Bay area in the next 30 years. It was a 6.7 quake that struck Northridge, California in 1994, killing 57 people and causing \$20 billion in damage!

Can an earthquake strike where you live or where you have a business? The quake in Haiti was the first major quake to hit the area since a giant quake devastated Port Royal, Jamaica on July 7th, 1692. That quake submerged two thirds of the Jamaican capital (33 acres) under 20 feet of water in approximately 2 minutes!

Although earthquake coverage may be expensive if one has not budgeted for it, the devastation that can be caused, and the resulting loss of business and additional expenses, may make this coverage an essential part of the risk management package of your insurance portfolio. Would you like more information on earthquake insurance protection? Contact us for details. Oh, and by the way, remember the people of Haiti, as they remain in dire need. Over a million people have been left homeless, with 300,000 hurt, 1 in 5 killed, and 20,000 new orphans. Please find a charity that is helping in Haiti and give generously. After all, it may be we who are in need someday... so remember those in need now.



Brian H. Merriam, CPCU, ARM, AAI
President, Ext. 201



Typical street in Carrefour, Haiti outside the capital, Port-au-Prince.
March 11, 2010

Grandparents! Did you know...

one efficient way to make a financial difference in your grandchild's life, of which you may not be aware, is to create a high cash value life insurance plan. With such a policy, the cash value can be accessed by you, the grandparent, who can borrow the cash buildup value to help fund education expenses without affecting the financial aid already available to your grandchild. The policy can also be used as a future legacy gift according to the wishes of you, the insured.

Let us put together a plan for you today!



Roger Greenwood , CFP
Life and Financial Services, ext 210

Title Agents Be Aware

We have recently expanded our available markets in order to broaden your E&O choices to include three solid, state admitted markets in nearly every region of the country. Our goal is to **always** present you with the best options available, whether on a new policy or a renewal, and to supply you with proper coverage at the most cost effective price possible.

While we are on the subject of proper coverage, it has been brought to our attention that some carriers are now excluding coverage for any suit resulting directly or indirectly from subcontracted work. The endorsement is called the **Independent Contractor Exclusion Endorsement**, as quoted below.

"In consideration of the premium charged, it is understood and agreed that this policy does not apply to any Claim or Claims Expenses based upon, or directly or indirectly arising out of, or relating in any way to Professional Services performed or failed to be performed by an independent contractor of the insured."

Since so many title agents rely heavily, if not exclusively, on subcontractors for their searches, this exclusion could create major issues in the event of a claim due to an incomplete or inaccurate search done by a subcontractor.

Rest assured. **You won't find this exclusion in any of our title industry professional liability policies.** You might alert your colleagues to this exclusion, and if they find it in their current policy, have them contact us for a solution.

Your complete satisfaction is our desire.



Bob Roche
Program Director, Ex. 211

Restaurant Owners: Are You Concerned About The Liabilities of Your Business?

Your business requires superior coverage for all of your daily operations, including cooking facilities, food preparation, catering, liquor liabilities, power outages or equipment failure, customer slip and falls, valet services, employee dishonesty, and the list goes on. Does your current policy protect you and your business? Are you properly covered for your exposures?: General Liability, Property, Employee Dishonesty, Money & Securities, Liquor Legal Liability, Food Contamination, Business Income Coverage, Hired & Non-Owned Automobile, Utility Services, Equipment Breakdown, Robbery & Burglary, Worker's Compensation and more...



We can help! Having been in business for over 100 years, The Merriam Insurance Agency has Specialty Programs designed to suit your individual business needs, whether you are a small café, deli, pizzeria, or fine dining restaurant facility with catering and special events.



We work with only the Top Rated Insurance Companies and you can be certain that your concerns are our concerns.

Are you concerned about rising premiums and cost? The Merriam Agency understands this and still delivers an entire package of unrivaled value and superior customer service to each and every client, for a lifelong relationship.

Your peace of mind is our business! Call today for a fast, no-obligation quote.



Jennifer Moraski
Sales Executive, ext 209

Insurance...the lighter side

A lawyer and a broker were fishing in the Caribbean. The lawyer said, "I'm here because my house burned down, and the insurance company paid for everything."

"That's quite a coincidence," said the broker. "I'm here because my house was destroyed by a flood, and my insurance company also paid for everything."

The puzzled lawyer asked, "How do you start a flood?"



Health Care Update

On Sunday, March 21st, 2010 Congress passed the most sweeping and far-reaching health insurance reform since the 1960's. Known as the *Patient Protection and Affordable Care Act*, this highly divisive and controversial legislation will increase overall cost of health care by \$65 billion, bringing the new total to \$940 billion over the next 10 years. So what does this mean to you?

It would take too much space and time to print the whole 2000+ page legislation summary here to make such reading useful so let us just give you a cursory overview in this newsletter and we will provide more detail in the Merriam Agency's monthly Health Insurance Newsletter. If you are currently not availing yourself of this client resource but would like to, please inquire such at insurance@merriaminsurance.com and request that you be added and we will do so at no cost to you.

- Employers will be able to avoid some of the law's requirements by keeping their coverage the same after the law's effective date (March 23, 2010).
- If an employer does not keep coverage the same, the employer will need to make additional changes such as:
 - ⇒ Extending 100% coverage for preventive care
 - ⇒ No pre-existing limitation for children under age 19
 - ⇒ Coverage of routine patient costs in clinical trials for life-threatening diseases
- FSA/HRA/HSA changes. In 2011, employees will no longer be able to receive pre-tax reimbursement from their FSA, HRA or HSA for non-prescription, over-the-counter medications, and the excise tax for nonqualified HSA withdrawals will increase from 10% to 20%.
- Employee notification of value of coverage and exchange information: As of 2011, employers will need to start reporting the value of employer-sponsored coverage to employees on their W-2s.
- Fees and penalties imposed on employer plans: As of 2013, employers will be assessed fees for self-funded health plans. As of 2014, if employers employ 50 or more employees, the employer may be subject to penalties if providing either no health coverage to full-time employees, or providing coverage to full-time employees that is "not affordable." Penalties will vary from \$2000-\$3000 per employee.
- The law will require employers to annually report to the IRS much data, such as whether the employer offers minimum essential coverage to full-time employees, the waiting period for health coverage, the monthly premium for the lowest cost option in each enrollment category under the plan, the employer's share of the total allowed cost of benefits provided under the plan, the number of full-time employees during each month, the name, address and Social Security number of each full-time employee, and "such other information as the Health and Human Services (HSS) Secretary may require."

- Effective 2014, HIPAA nondiscrimination rules on wellness programs will be codified, and the incentive cap increases from 20% of premium to 30%. The HHS Secretary has the discretion to increase the incentive cap to 50%.

The details and practical implications of this new act are still being reviewed by insurance companies and employer groups. We do know, that in order to insure the 32M people currently uninsured in the U.S., health insurance costs will rise; exactly how much may not be known for quite some time. Please contact us if you would currently like your particular insurance needs addressed. During this time of transition you need a knowledgeable insurance partner. Merriam Insurance represents most regional and national insurance companies and can "shop" for you, which allows us to present you with *many* options. Allow our 115 years of experience to be a benefit to you in this increasingly expensive and important protection.

Watch Your Pets!

The nice weather has finally arrived and as anxious as we are to be out to enjoy it, so are our family pets!

Please keep in mind the increased loss exposure you face as a result of owning a dog. For example, you may face liability claims if your dog runs into the road and causes, or contributes, to an auto accident. Or you could be sued for violation of leash laws by allowing your dog to run free.

Here are a few tips to follow in order to ensure the safety of you and your pets.

- Have a well-maintained and sturdy fence to reduce the risk of your dog getting loose.
- Train your dog to obey commands.
- Never leave your dog alone with small children.
- Socialize your dog, from an early age, to encourage appropriate behavior.
- Never place your dog in a situation where he or she can be teased or feel threatened.
- Spay or neuter your dog.

Have a safe and happy summer!



Kelli Young

Licensed Personal Lines Account Manager,
Ext. 205



Sandee Wyman

Licensed Personal Lines Account Manager,
Ext. 204

Spring Has Sprung!

Spring is a time for cleaning out the grit and debris left by winter. Take time to check and assess the following 10 areas which can prevent interruption of business, damage to property or bodily injury to guests:

- Gutters, drains and downspouts should be cleaned and freed of leaves and debris.
- Roofs, especially flat roofs, should be checked for ice and water damage caused by freezing and thawing water.
- Check and repair all walkways damaged by salt and water.
- Repair torn and soiled carpeted areas.
- Heating, air conditioning and electrical systems should be checked by licensed professionals.
- Automobile braking and electrical systems should be examined for excessive wear.
- Clear and rake grounds of debris.
- Caulk and repair windows and doors.
- Change filters in furnaces, air conditioners, water softeners and humidifiers.
- Check chimneys and flues for damage.

Courtesy of Great American Insurance Group

In addition to the 10 items Great American Insurance Group listed above, look for cracked or broken limbs in trees near your home or business. These limbs could give way at any time and cause damage to your home or commercial buildings. A visual inspection from the ground is the safest way to do this without proper training and safety equipment.

If you see damaged limbs, call a professional to examine them and remove them if necessary. As always, request to see current proof of General Liability coverage before allowing any contractors to perform work around your home or office.

For over a century we have been striving to provide exceptional value to all of our clients. Allow us to be **your** advocate within the insurance industry.



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What you have been saying about us...

“Don and I wanted you to know that we are thrilled to be affiliated with Travelers and especially The Merriam Agency. We had not had a good experience with our former insurance agent and company. When we needed them, *‘like an indifferent neighbor, State Farm was not there!’* It is reassuring to know that when a catastrophe happens, the people at the other end of the phone are not only professional, but kind, considerate, and helpful. We thank you, Brian and The Merriam Agency; you have restored our confidence in the insurance industry. God bless you for all that you do.” - Michele J. Wilcock, Scotia, NY

“When I first was insured with the Merriam agency, I felt I had very good coverage but was concerned about how a claim would be handled since I am in Colorado--so far from NY. Two years ago, I experienced some damage to the hotel, a claims agent was out the next day and everything was handled fast and well. I am thrilled to be insured with a company I feel will always treat me fairly. Thank-you.” - Marlys Egge, owner Eastin Hotel, Kremmling, Co.

“We were in Florida [at the time of our claim]. The miles apart did not hamper your complete and efficient service!” - John & Carolyn Davis, PJ’s Bar-B-Q, Inc., Saratoga Springs, NY

Defensive Driving Schedule Upcoming Year 2010 Classes:

Join Brian Merriam, CPCU, ARM, AAI
as he teaches the New York Safety Program’s
Defensive Driving Course.



June 14 & 15,
September 14 & 16
November 8 & 10
6-9 pm



The Merriam Agency
376 Broadway, Schenectady

Cost is \$32 for clients and \$35 for future clients

Call to reserve your spot today as space is limited!

(518) 393-2109