

## Thoughts and Prayers.....

Our thoughts and prayers go out to our clients, friends, neighbors and families who have suffered from the impact of Hurricane Sandy. We have spoken to many of you during the last week as our office was without power and we wanted to make sure everyone was safe and sound. If we have not spoken to you since Sandy hit, please drop us a line or give us a call just to let us know that you are okay.

Please consider donating to whichever charity you feel will do the most good under the circumstances. We hope that all of you who were affected are able to stay safe and as comfortable as possible.

Our office is back in operation as of Saturday. During this office downtime we had a backup generator at Clare's home and were able to bring up our backup computers so that we could access information we might need. We were all operating on Smart Phones which seemed to work pretty well in spite of some of the cell towers in some areas being down.

Many of our employees have been affected at some level, but everyone is fine at this point even though we still have many without power.

If you are in the area and need to warm up or charge your cell phone, please feel free to drop by the office.

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We have received many questions from clients about household damage issues and would like

to share some of the answers prepared by Lisa McKnight, CFP®.

### Fallen Trees

**Question:** *What coverage is available for the removal of fallen trees?* **Answer:** If a fallen tree hits your home or another insured structure such as a detached garage or shed, a standard home insurance policy generally covers damage the tree causes to the structure and contents within it. This applies not only to fallen trees but possibly also to damage from wind, hail, ice, snow or sleet or other disasters listed in your policy. You may also have limited coverage for the tree debris removal (only if it hit a covered structure) of \$500-\$1000. **If a tree just falls in your yard, it's generally not covered.**

In some cases, insurance companies may offer a special endorsement that provides \$500 or slightly higher amounts of tree debris removal coverage when a covered building is not involved. It's important to remember that tree coverage is subject to your policy deductible, and the cost of removing a tree may fall within a range of \$500 or \$1000. But, don't assume that you're not covered; it's always good to ask your agent. Additionally, your policy may provide coverage for the value of the tree (up to 5% of the value of your structure) for fire, lightning, vandalism and other disasters. You will need to check your policy for this coverage. Special endorsements are available to cover expensive trees and landscaping.

**Question:** *If the fallen tree belongs to my neighbor, whose policy covers it?* **Answer:** It generally does not matter who the tree belongs to. If a neighbor's tree falls on your property, it is still your responsibility to remove it whether or not it hits a structure. If a neighbor's tree falls on your home, you must file the claim. Your policy covers damage to your home, so your insurance policy would provide the coverage. In some cases, if the tree was in poor health and/or not properly maintained, your insurance company may try to be reimbursed by your neighbor's insurance company through a process called "subrogation," which may allow you to be reimbursed for your deductible.

**Question:** *Does insurance cover removal of a tree before a storm to protect a house from the tree potentially falling on it?* **Answer:** No. While taking preventative measures to avoid a tree crashing onto your home is wise, general maintenance isn't something covered by insurance policies. Yes, it's true that removing a tree isn't cheap, but considering that tree removal coverage is limited after a tree falls, it's better to take a tree down before it damages your house and potentially injures someone. Would you rather control how the tree comes down or have Mother Nature drop it randomly on your property? Our choice would be to control it.

**Question:** *If a tree falls on my car, what insurance policy covers damage?* **Answer:** Cars damaged by a falling tree are covered under the comprehensive coverage part of your auto insurance policy.

## Flooding

Floods are the #1 most common disaster in the United States. This was evident when Hurricane Irene caused major flood devastation throughout the East Coast last

year. Many people underestimate the potential for flooding, but in fact, homeowners are 4 times more likely to sustain loss from a flood than a fire, and 25% of all flood claims are filed in low-to-moderate-risk areas.

**Question:** *Does my homeowner, condo or renter policy cover floods?* **Answer:** No. Floods are specifically excluded from these policies. You must purchase separate flood insurance; and this insurance coverage is limited. In a flood situation, however, some coverage is better than no coverage.

**Question:** *What does flood insurance cover and not cover?* **Answer:** It covers physical damage to your property and possessions directly caused by a flood. For example, damages caused by a sewer backup are covered if the backup is a direct result of flooding. However, if the backup is caused by some other problem, the damages are not covered by flood insurance. Instead, you need to purchase a special endorsement on your home policy called "water backup and sump overflow." This coverage is more limited than the protection provided under your homeowner's policy, so it's important to understand the differences. Read the [National Flood Insurance Program Summary of Coverage](#) for more information.

**Question:** *How much does flood insurance cost?* **Answer:** The cost of coverage is controlled by the National Flood Insurance Program (NFIP) implemented by FEMA. The premium cost will vary depending on your property location and the structure. It also depends on the flood zone based on federal flood maps and several other factors. If you live in a low-to-moderate-risk area, you can receive preferred rates. Your premium will also be lower if you choose a higher deductible. Rates are set by the NFIP and are the same regardless of where you purchase

insurance.

For more information regarding flood insurance go to the NFIP website, [www.floodsmart.gov](http://www.floodsmart.gov). If you don't have flood insurance but think that there are potential flood risks, even if low, it may be wise to get more information and a quote. You may be surprised at how affordable it can be.

### **Sewer Backup and Sump Pump Overflow**

If your basement has a tendency to get water when it's very rainy, you may have a sump pit with a pump to move the water out. But, what if the pump motor fails or the power goes out? When these problems occur, they can cause a mini disaster.

**Question:** *Is water damage caused by a sewer backup or failed sump pump covered by my homeowner's policy?* **Answer:** No. These events are specifically excluded in a standard homeowner's policy, yet many homeowners mistakenly assume that these situations are covered.

**Question:** *Can I purchase coverage for a sewer backup or sump pump failure?* **Answer:** Yes. You can purchase limited coverage either as part of a package endorsement that increases several coverages on your policy or as a separate "Water Backup and Sump Discharge or Overflow Endorsement" to your policy. The coverage is usually limited to \$2,500 or \$5,000, which keeps the cost low and it gives some assistance that can help when needed. Generally, the average cost is about \$100, and in some cases, you can purchase more coverage.

When you consider that your furnace, hot water tank, washer and dryer, and many other household items are located in your basement, it may be worth purchasing the maximum

coverage available. If you are not sure that you have this coverage and want to have it in place, be sure to review your policy or contact your agent.

Stay safe, stay warm and let us know if there is anything we can do to assist you!

*Diabann, Clare and the Lassus Wherley Family*

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