



Bulletin #5

MSH NEWSLINE

Special Bulletin

WINTER 2005-2006

Homeowner Tips for this Season

Higher insurance premiums.... Blame climate change?

How to prevent homeowners insurance gaps:

HOMEOWNER TIPS

Winter Tips for Homeowners

Maintain Gutters

Remove leaves, acorns, sticks and other debris from gutters, so melting snow and ice can flow freely. This can prevent ice damming - a condition where water is unable to properly drain through the gutters and instead seeps into the house causing water to drip from the ceiling and walls. You may also consider installing gutter guards which are screens that prevent debris from entering the gutter and direct the flow of water away from the house and onto the ground.

Check Insulation and Heating

Add extra Insulation to attics, basements and crawl spaces. If too much heat escapes through the attic it can cause snow or ice to melt on the roof. The water re-freezes causing more snow and ice to build up. This can result in a collapsed roof, and can contribute to ice damming. The attic should be five to ten degrees warmer than the outside air. Well-insulated basements and crawl spaces will also help protect pipes from freezing. The temperature in your house should be at least 65 degrees. The temperature inside the wall where the pipes are located is substantially colder than the walls themselves. A temperature lower than 65 degrees will not keep the inside walls and pipes from freezing.

Know Your Plumbing

Learn how to shut the water off and know where your pipes are located. If your pipes freeze, time is of the essence. The quicker you can shut off the water or direct your plumber to the problem, the better chance you have to prevent the pipes from bursting.

Maintain Pipes

Wrap pipes with heating tape and Insulate unfinished rooms such as garages that frequently have exposed pipes. Also check for cracks and leaks. Have them prepared immediately to prevent much costlier repairs. If your pipes burst, first turn off the main water pipes and mop up the spills. Remove any carpet or furniture than can be further damaged from seepage. You don't want the water to do more damage than it already has.

Check Heating Systems

The proper use and maintenance of furnaces, fireplaces, and wood-burning stoves can prevent fire and smoke damage. Have furnaces, boilers and chimneys serviced at least once a year. Remember to close the flue in your fireplace when you're not using it. Make sure that smoke and fire alarms are working properly and consider installing a carbon monoxide detector.

Take Special Care When You Leave

If you are not going to be in your primary or secondary home this winter for an extended period of time, have the water system drained by a professional to keep pipes from freezing or bursting. Also, have someone check on your home on a regular basis. Leave them your agent's contact information so if there is a problem it can be fixed quickly lessening any damage. Activity at your home will also reduce the likelihood that it will be burglarized.

Also, please keep in mind that damage to homes caused by flooding is usually excluded from most standard homeowner's policies. Ask your independent agent about more information regarding Flood insurance as well as specific advice about winter-proofing your home.

A VALUABLE TIP FROM OUR CLAIMS DEPARTMENT

IF YOU HAVEN'T ALREADY DONE SO, CHECK YOUR WASHING MACHINE HOSES AND REPLACE WITH DURABLE, LONG LASTING STAINLESS STEEL HOSES FOR A NOMINAL COST.

Higher insurance premiums.... Blame climate change?

Coming soon to your mailbox: higher bills for home and auto insurance, larger deductibles, and more restrictions, courtesy of global climate change. That's the conclusion of a recent report commissioned by Ceres, a coalition of institutional investors and environmental groups in the U.S. and Europe. "Insurance as we know it is threatened by a perfect storm of rising weather events," says Mindy Lubber, president of Ceres.

The report found that insured losses from weather-related disasters in the U.S. have increased 15-fold in the last 30 years, more than at any other time on record. Losses from natural disasters have outpaced population growth and inflation, so they can't be attributed solely to people who have placed themselves and their property in harm's way. International climate experts envision more, and more-severe disturbances, including windstorms, hailstorms, and droughts.

You may soon feel the effect, if you haven't already. The report predicts that insurance will become less available and less affordable as the costs of disasters challenge insurers' ability to pay. (Hurricanes Dennis, Katrina, Rita, and Wilma caused an estimated \$55 billion to \$75 billion in insured property losses, according to Robert Hartwig, chief economist of the Insurance Information Institute, an industry research and public-relations group.) The gradual transfer of risk back to consumers and governments in the form of higher

premiums, higher deductibles, and government-backed high-risk pools is likely, the report said. Insurance shortages also may occur: After 2004's hurricane season, seven insurers stopped writing new policies in Florida. In the long run, if private insurers can't cover the risks and operate profitably, the government may have to help, as it does with the National Flood Insurance Program, and that might boost taxes.

Swiss Re and some other European re-insurers (they insure insurance companies) regard climate change as a fact and are incorporating it into risk analyses used to design policies and set premiums. They're already planning to hike some premiums in 2006, which may show up in your property-insurance bills.

Yet U.S.-based insurers have been slow to acknowledge climate change. In December 2005, 20 institutional investors representing \$800 billion in assets sent a letter urging 30 of the largest publicly held insurance companies in North America to disclose their financial exposure from climate change and steps they're taking to reduce it. The investors included two of the nation's largest public pension funds, as well as state treasurers and comptrollers from eight states and New York City. The investors are concerned that climate change could affect the value of stocks and bonds issued by insurers and held by pension funds.

The Ceres report was to be discussed in fall 2005 at a conference in New Orleans. Katrina foiled that plan.

How to prevent homeowners insurance gaps:

- **Be familiar with your homeowner policy.** Keep in mind your homeowner policy does not cover flood damage. Also, coverage limits on personal possessions may necessitate additional insurance for your valuables.
- **Have your home appraised for insurance purposes.** The amount of coverage on your dwelling should represent the cost to rebuild like kind and quality in your area, excluding land, foundation and market value.
- **Take a home inventory.** Document your possessions on videotape and on paper.
- **Evaluate your liability exposures.** A personal umbrella policy may be a consideration in order to protect you in the event of an expensive lawsuit.