



## Gaines Insurance Agency, Inc.

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# Trust Gaines with Your Personal Insurance

We've got the coverage you need.



**O**n behalf of our family at Gaines Insurance, we want to wish you a Happy New Year!

Please remember we have the ability to service all of your insurance needs including Home, Auto, Business, Flood and Life. With the New Year upon us we want to offer some important advice in order to adequately protect you and your family this season and into the future with Gaines Insurance.

## Flood Insurance

Now is the time to consider buying flood insurance! Most people do not know there is

a 30-day waiting period for flood coverage to become effective. For example, if you purchase flood insurance on January 1, 2018 the coverage would not start until February 1, 2018. The time is now to order coverage in order to be in effect 30-days from the order date.

## Auto Liability Limits

The beginning of a new year is a great time to review your auto liability limits. If you get in a serious auto accident, minimum limits may not be enough coverage. We recommend auto liability coverage of at least \$100,000 per person and \$300,000 per acci-

dent for adequate protection. Generally, your limits should reflect your assets and future earning capacity.

## Personal Liability Umbrella

If you are a homeowner or business owner, consider buying a personal liability umbrella policy. The pricing is very reasonable and will protect your income and assets in the event of a serious auto accident or other personal liability exposures. Personal Umbrella limits start at \$1,000,000 of coverage and above.

## Personal Valuables

Did you know that homeowners and tenant policies have limitations on artwork, gold, silver, furs, cash, jewelry and other valuables? Depending on the value, we recommend that you schedule these items with specific dollar amounts to your homeowner's policy. This will ensure that you have proper limits of coverage in the event of a loss.

## This Just In...

**T**he housing market is booming and so are home prices. Does this mean you should increase the amount of your homeowners insurance?

First, keep in mind that homeowners insurance pays for repairs or replacement of your home and its contents if they're damaged by a covered cause. There is no direct relationship between the market value of your home and its replacement cost value. Home prices are increasing in large part because land values are increasing. Still, when the local economy is doing well, there is a shortage of and greater demand for materials, causing the price of both to increase. This inevitably translates into a higher replacement cost value for your house.

Another thing to think about is whether you've made improvements to your house. Be sure to let your agent know. Home improvement projects can add value and increase replacement costs.

If you're in doubt about the value of your home, you may want to hire a property appraiser for a detailed evaluation. It's also a good idea to reevaluate your insurance needs each year to decide if you have the right amount — and kinds — of insurance. Give us a call. We're happy to help.



# 8 Homeowners Endorsements You May Need

An “endorsement” is an addition to the standard policy. Endorsements often, but not always, cost more. The added coverage could mean the difference between a claim that’s covered and paying out of pocket. Here are a few endorsements that you might need to cover frequently overlooked scenarios.

## Other Members of Household – HO 04 58

This endorsement is important if you live with someone to whom you are not related or legally married and/or someone under the age of 21, such as a foster child or the child of the person to whom you’re not legally married. You might have considered these people guests, but guests don’t usually reside at a dwelling for more than a short, limited period of time.

With this endorsement, the person(s) you name will be entitled to the benefits of your homeowners policy. You may not use this endorsement to name tenants or renters. These people should buy their own renter’s policy.

## Additional Insured Residence Premises – HO 04 41

Sometimes you have an interest in a home you don’t live in or own. You might have a

financial interest in your son’s or daughter’s house, for example. This endorsement adds you as an “insured” to protect your interests as respects all aspects of the policy, both property and liability.

## Other Structures Increased Limits – HO 04 48

Typically, other structures on your property are covered for 10 percent of the amount of insurance on your house. Sometimes this isn’t enough, if you have a guest house, for example. Or you may have a number of other structures and the total value may be far more than 10%. Other structures may include garages, sheds, gazebos, patios, swing sets, barbeque pits, and so on. This endorsement will increase the limit beyond 10 percent of total policy limits.

## Mechanical Breakdown – HO 06 33

What if you have a “smart house” where one interface controls the lighting, security system, entertainment system, heating/air conditioning, home and garage entry and even temperature, water flow and exterior lighting? Or what about a powered stair, as for a disabled person? Or an electric vehicle charging station?

If there is a loss to any of these devices or systems due to mechanical failure, rupture, bursting, implosion or explosion, etc., the regular homeowners policy will not cover them. It excludes “mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself.” This endorsement eliminates that exclusion.

You may obtain mechanical breakdown coverage for these items for limits of any multiple of \$5,000, up to \$50,000. Loss under this endorsement also triggers Coverage D – Loss of Use, so you’ll receive reimbursement for rental or living expenses if the home is uninhabitable during the loss. The policy deductible applies to any loss.

## Limited Water Back-Up and Sump Discharge or Overflow Coverage – HO 04 95, DP 04 95

The homeowners policy wording on this can be confusing, but essentially water back-up and sump discharge or overflow is not covered. That’s why you might want this endorsement. Coverage applies even if the overflow or discharge occurs due to mechanical breakdown or power failure. The endorsement also covers cleanup, but not the cost to repair damage to the pump.





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## Homeowners Insurance

Do you have enough Ordinance coverage? In the unfortunate event that your home burns down, you will have to adhere to the new ordinance laws in effect to rebuild your home. We recommend you review the ordinance coverage in your homeowners insurance policy.

## Back-up of Sewer

Verify that your homeowners Insurance policy has Back-Up of Sewer and Drain coverage. Often, homeowners as-

sume this coverage is included. This coverage is not always automatically included and if so, the limits are too low to provide enough coverage in the event of a loss.

## Earthquake

Typically, damage to your home by earthquake is not covered by your homeowners policy. Earthquake coverage is available for you to purchase as an additional line of coverage. Contact our agency for additional information on this coverage!

Do you know about our Referral Program? Refer your friends and family to Gaines Insurance for a Starbucks gift card!

Thank you for trusting us with all of your insurance needs. Please call us if you have any questions regarding your insurance or if you would like a quote at 916-773-8000 or visit us at GAINESINS.COM.

Sincerely,

The Gaines Insurance Team

ENDORSEMENT—continued from Page 2

## Owned Motorized Golf Cart Physical Loss Coverage – HO 05 28, DP 05 28

Golf carts are now quite common in gated and senior communities or at homes built on golf courses. The homeowners policy has very limited coverage for motorized vehicles. This endorsement defines a “golf cart” as “a motorized conveyance, including permanently installed accessories, equipment or parts, that is:

- 1 Designed to carry up to four people on a golf course for the purpose of playing golf; and
- 2 Not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground.

Coverage applies to direct loss including collision and damage from overturning the vehicle. The policy will not pay if at the time of loss the golf cart is being:

- a Operated in, or practicing for, any prearranged or organized race, speed contest or other similar competition;
- b Rented to others;
- c Used to carry persons or cargo for a charge; or
- d Used for any “business” purpose except while on a golfing facility,

## HO 04 65 – Coverage C, Increased Special Limits of Liability

The basic policy has a sublimit of only \$1,500 for theft of jewelry, watches, furs, precious and semi-precious stones. It also provides only \$2,500 for theft of silver and gold items.

This endorsement may be used to increase the special limits of liability provided under the homeowners forms for jewelry, watches and furs; money and securities; silverware, gold ware and pewter ware; guns and portable electronics. The increased limit of liability and the total limit of liability may be shown either on the endorsement or elsewhere for each class of property for which an insured wishes additional protection.

## HO 04 77 – Ordinance or Law Increased Amount of Coverage

The homeowners policy limits coverage to 10% of the value of the home for upgrades necessary to comply with local building codes if you need to rebuild. Sometimes a home is so out of date you will need more than 10% to comply with current building codes.

This endorsement increases coverage for ordinance of law from 10% to whatever limit is entered in the schedule.

To find out about adding any of these endorsements to your policy, please contact us. ■

MOTOR HOME—continued from Page 4

than part of your home’s contents, and therefore not provide coverage. Many RV policies do offer this feature.

**3 Personal liability:** Your PAP covers you when you’re driving and involved in an accident that injures another person or damages their property. And your homeowners policy pays if someone is injured at your home. But what policy protects you while using your RV as a vacation residence? Specialized RV policies can provide vacation liability coverage, which protects you from claims if someone is injured at your campsite or in your RV.

**4 Towing/emergency assistance:** Many PAP policies provide some coverage for towing and emergency roadside service. However, most policies limit coverage to a certain number of miles or dollars. Towing a Winnebago costs a lot more than towing a Mini Cooper, and RV dealers or servicers are fewer and farther between than auto mechanics, which could leave you with a significant bill.

Some RV insurers also offer coverage for temporary housing or travel expenses to help you get home if your RV is damaged while you are traveling. For more information on covering your RV, please call us. ■



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# How to Buy Motor Home Insurance

Whether you own a deluxe land yacht with all the bells and whistles, a mini motor home, a towable motor home or folding camper, having any type of recreational vehicle represents a change in lifestyle...and insurance needs.

**Y**ou can insure most recreational vehicles under a personal auto policy (PAP). However, specialized recreational vehicle or motor home policies provide better coverage. You won't notice the difference until you need to file a claim, but then differences become apparent.

**1 Damage to or theft of the vehicle:** If your RV gets damaged or stolen, the PAP will pay only the actual cash value of the vehicle. This is the purchase price, less any depreciation. As you probably know, vehicles depreciate dramatically from the moment you drive them off the lot! An actual cash value policy won't pay enough to replace your RV in the event of a total loss or theft.

RV insurance usually offers you the option of buying agreed-value coverage, where the insurer will pay you an amount specified when you buy the policy if your RV is a total loss or stolen. Some insurers also offer total loss replacement coverage, which will pay for a new RV like the one you own if yours is stolen or suffers a total loss in its first five years.



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If you cover your RV under a personal auto policy, the insurer will assign your claim to an auto adjuster, who may or may not have experience with RVs. When you buy a specialized policy, your adjuster will have training and experience in estimating damage and repair costs specifically for RVs.

**2 Damage to or theft of contents:** Most personal auto policies don't cover personal property carried in the vehicle. Most homeowners policies provide protection for your personal property outside your home; however, they often place a limit on "contents coverage" and usually place strict limits on coverage for items such as electronics, jewelry, etc. In addition, your homeowners policy might consider attached accessories, such as satellite dishes and other valuables, as part of the vehicle rather

