



## Insurance Talk Winter 2018



Ralph Guarasci



This car was damaged in a parking lot accident. The driver filed a police report the day after the accident.

### Who Pays for Parking Lot Accidents?

When it comes to parking lot accidents, many people think each party covers their own damages. That's not necessarily the case. Insurance adjusters interview each driver. They also look at how the cars are damaged. Fault can then be assigned.

I interviewed a local police officer working in Powell. He said most departments are too busy to respond to an accident on private property. However, if he has time, he will take the call. He doesn't intend to issue any citations but may if there is a serious violation. He will note the cause of the collision. For example, his report may show "unsafe backing" by one of the drivers.

### 50th Anniversary Celebration

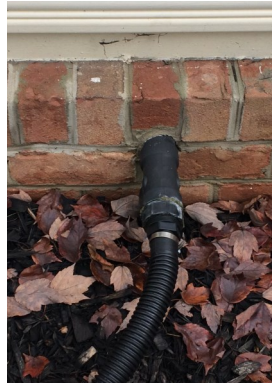
Jack Schiff co-founded the Cincinnati Insurance Company in 1951. He paid a call on Hugh McTeague in June of 1967. Mr. McTeague was the founder of our agency. Mr. Schiff explained that he and his three partners formed a new type of insurance company. Unlike the big insurance companies in NY, Baltimore, and Hartford, his company would be dedicated to the needs of the agents and policyholders in Ohio. On July 1, 1967 the agency was appointed to write for Cincinnati Insurance. We commemorated the passing of 50 years with a luncheon at the Worthington Inn (see photo for plaque presentation). It's good that Mr. McTeague saw the potential in Cincinnati Insurance. Soon the company was so successful that appointments were no longer available.



### Insurance Spokesperson Shows Up in Neighborhood

The person on my left isn't Flo from Progressive. She's actually a person I met while trick or treating with my grandchildren. Flo has been very successful marketing auto insurance policies for Progressive. Only GEICO and State Farm spend more money on ads than Progressive.

## Clogged Drain Lines Back up Home Drainage System

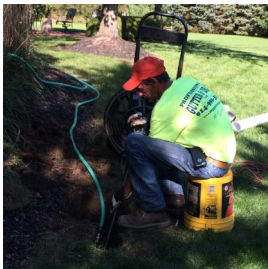


Part of my morning routine is to check the sump pump and inspect the basement for water. Isn't that how you start your day? Of course not. But insurance people are different. We're sensitive to water problems.

One morning in early October I noticed water seeping in from the foundation. It had rained steadily the night before. The primary sump pump and battery backup were not running. How could both pumps fail at the same time? They didn't. The outside drain line was clogged which meant the pumps had nowhere to send the water.

I ran outside where the sump pump connects to the drain line. I removed the plug that opened the line to the back yard. Water started to gush. Good, that meant the sump pump was working. Then I connected a kick out hose so the pump would throw water well into the yard. Within a few hours the sump had cleared all the water around the foundation.

Next step was to remove the water from the basement. Enter my trusty shop vac. It works like a vacuum cleaner for water. Step two is to pull back the carpet and remove the wet pad. Then comes the dehumidifiers and fans. Within 48 hours the basement was dry. I understand mold takes 72 hours to grow so hopefully I got it in time.



Within a few days I had a gutter / drain company out to inspect the line. A camera found dense tree roots in the line. A snake was inserted to clear the clog. No luck. There was also a spot where the line was smashed. A new line from the house to the street is needed. The new line will be heavy duty and resistant to tree roots. Plus I'm upgrading from a 4" line to a 6" line to handle the volume of water.

## Power Outage Ends Long Term Relationship

A restaurant we insured for nearly 25 years is in an area where AEP has trouble maintaining steady electrical service. A few months ago we got an email from the restaurant. A four hour power outage on a Sunday afternoon lead to a sales loss of \$2,750. They were seeking reimbursement for the lost business.

Unfortunately, business interruption coverage does not pay for loss due to routine loss of power. To trigger coverage, there must be damage to the building where the business operates. (There is a special rider that covers damage to overhead transmission lines that serve the building)

I told the rep from the restaurant how it works. There would be no coverage. I'm not sure he believed me so I offered to submit a claim to the insurance company. However, the claim rep was new to the company and paid the claim! When the insurance adjuster recognized the error, he put a stop pay on the check.

The customer cancelled the policy 30 days later.

## **Insurance Available for New Type of Fraud**

Paula Hamilton keeps the books for our agency. She and I have worked together for over 30 years. She knows how I think and operate. The note below came from my email address. She recognized it as a fraud.

*Hello Paula*

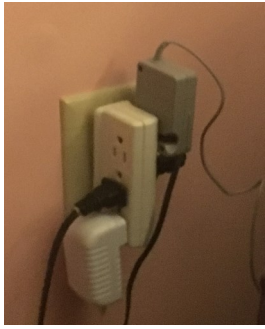
*I want you to process a payment for me. Let me know your availability so i can forward the payment information.*

*Thanks,  
Ralph Guarasci  
President*

If Paula had sent our banking info there would have been a money loss. Insurance coverage is now available for claims of this type. (Or I could have withheld money from her pay until the loss was covered. I'm kidding)

### **From the Claim Department**

- There was extremely heavy rain in central Ohio on July 13th. One of our business accounts got caught with nearly \$600,000 of equipment in the open. It was a total loss. While many policies don't cover flood, an equipment floater does.
- Our daughter Kelly Johnston was involved in an auto accident on October 6, 2015. The other party was at fault and Allstate paid \$5,940 for the damages. In November of 2017 Kelly traded in her car for a new one. However, the auto dealers subtracted nearly \$3,000 from the book value. Per CARFAX the accident reduced the value of her car. It's called "diminished value" and Kelly was not aware until she was ready to make the trade. Kelly has asked Allstate to reopen her claim. A local car dealer is willing to write a letter on her behalf to support the diminished value.
- A business account submitted a claim for damaged cargo. The damage was caused by load shift during transport. Unfortunately, the cargo policy did not cover "improper packing" so the claim could not be covered.
- A few months ago, a truck insured thru our office was involved in a serious accident. Like most wrecks, it happened very quickly and details were sketchy. However, the truck was equipped with a dashboard camera that captured the event. The DashCam footage revealed that our truck was proceeding lawfully and the other vehicle caused the accident.
- The engine in a boat we insure was ruined due to failure of the oil line. Insurance policies don't cover damaged caused by "wear and tear and mechanical breakdown". However, this was no normal oil line. It was subject to recall by the manufacturer due to a defect. Since the boat policy covered "latent defect in the hull or machinery" the insurance company covered the new engine.
- Early in 2016 my wife and I bought a condo in Bonita Springs FL. Hurricane coverage was quite expensive. I bought a condo insurance policy but declined hurricane coverage. Since a hurricane had not made landfall in FL since 2005, I thought I was pretty safe. Bonita Springs sits between Naples and Ft Myers, near where Irma made landfall. Thankfully our unit was not damaged. How would I have explained to my wife that her husband, an insurance agent, declined hurricane insurance?



## Bedroom Outlet Overload

Our grandchildren live nearby so my wife and I get there often. Not long ago one of our granddaughters said her fan wasn't working. I offered to take a look. It was plugged into the outlet in the photo. 'Chloe, I said, how long have you had all these things plugged into your wall? This is quite a hazard and might be the problem with your fan'. That's when I took the picture. "That's not much Papa, normally I plug my phone in too".



I wasn't so sure about the Mickey Mouse shirts. Throughout the park, I noticed that many families had matching shirts.

## Birthday Party at Disney World

To celebrate my wife's birthday, our family traveled to Orlando FL. (It was a big birthday, a whole new decade). Anyway, as the kids were growing up we didn't take many vacations. I was reluctant to leave the office for more than a few days. Plus the kids were tied up with sports. Now we have the resources and time to travel together. Maybe I should have taken more time years ago. On the other hand, it does no good to look back. In a way I hope our grandchildren don't get too involved in sports. As much as we learn from athletics, it's hard to do other things.

## Fireplace Safety



One of the largest claims in the history of the agency was a chimney fire. It happened on Christmas Eve. Our customer had not used the fireplace in years. She was hosting her annual holiday party but power was lost earlier that day. To provide light and warmth, the fireplace was pressed into service.

After the party (in the middle of the night) the house started to smell of smoke. The fire department responded. They determined that hot embers made their way thru a crack in the chimney and behind the walls. That's how the fire started. The flames weren't the problem. It's the smoke and soot. It was a large home with expensive items. The claim was nearly \$1,000,000.

## Readers Respond

*Dear Ralph - Don Jr. gave me a copy of your newsletter. Honestly, not bad. As a small business person you must love the beautiful things I'm doing for you. MAGA.*

*President Trump*

Dear President Trump - Since my industry is state regulated, the federal government doesn't have much effect on me. However, the state of the general economy does. My business declined by 25% during the great recession. We've built back but fingers are crossed that your policies are successful.

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# Insurance Agencies of Ohio

7100 N High St, Suite 300, Worthington OH 43085

(ph) 614-848-3000 or [ralph@iaofohio.com](mailto:ralph@iaofohio.com)