



Ralph Guarasci



### Vehicle Declared a Total Loss

A vehicle is a total loss when the cost of repairs exceeds 75% of the value. The above damage was clearly a total loss. The insurance payment was \$25,000.

When valuing a total loss vehicle, people often wonder if the insurance company will be fair.

They ask me if the offer is negotiable. I tell them insurance companies have access to a large amount of data on car values. They can try to negotiate but there's not much room. I find that people are generally satisfied with the settlement.

### Fast Driving on Snow Covered Roads Leads to Head-On Collision

We all know the importance of matching driving speed with the road conditions. When roads get icy or snow covered, I'm the type that slows to 25 or 30 in a 35mph zone. Inevitably another motorist will speed up behind me. I can almost hear them saying "some people just don't know how to drive in snow".

Lisa May is a customer service rep in our agency. Her son Jack was headed north on Rt 23 on a snowy morning in February. A car traveling south was going way too fast for the conditions. We know because a state highway patrolman was watching. Jack briefly saw the car as it lost control and headed straight for him. See the damage photos.

Today's cars have many safety features. They saved Jack from serious injury. He wasn't always diligent about wearing a seat belt. However, he recently became engaged and his fiancé convinced him to wear it at all times. In addition to preventing injury, Jack learned an important lesson about listening to his future wife.

Jack got a number of solicitations from lawyers wanting to help him bring a claim. Insurance people and their family members generally decline legal representation on auto accidents. It's just how we are.

### YouTube Channel Chronicles the Life of an Insurance Agent

At the urging of our son Dan, a YouTube channel was born this past winter. It's about my life and times as an insurance agent. Hopefully not as dull as it sounds. He handles all the production and direction, I handle the content. There are 12 programs and each is about 5 minutes. The channel is *Insurance Agency Briefing*. Not sure I like that title but I'm an amateur (as you will discover if you [click here](#)).

Our son learned a lot about my career. Like how I flunked my selling test. And almost went broke on a commission draw. And how I made door-to-door cold calls to get started. I didn't need to do a program on the tight family finances. From personal experience, he already knew.

My favorite comedian is Bob Newhart. I borrow his one-sided conversation routine in a program about how to explain a price increase on a home and auto package.

## Its Good to Be a Boomer



I was born August 9, 1956. I will turn 65 soon. Along with being a baby boomer, that makes me part of the TV generation. Don't ask me to pick a favorite between Leave it to Beaver and Gilligan's Island. North Carolina is one of my favorite places to visit and I'm sure Andy, Barney, Opie, and Aunt Bee are part of the reason. My wife reminds me of Lisa Douglas on Green Acres.

I grew up in a neighborhood of one-income households. It only took one income to make ends meet. Our family had six children which was about average. If there was such a thing as college debt, I never knew anyone that had any. My dad dropped me off at the golf course on his way to work and picked me up on his way home. After dinner he and I went back to play 9 more holes.

The church was the center of our life—school, sports, Sunday mass, festivals, gatherings, and holidays. Everybody stayed married. First born sons were encouraged to consider the priesthood (I considered it briefly in 6th grade). I respected and admired the priests I knew growing up. I still do.

I only knew one person that served in Vietnam. He came back ok. I had a lottery number for the draft but never served. I don't know a single person (in any war) that lost his life fighting for our country.

Its been a time of great prosperity in America. My father passed away last year. He never asked me about my income and I never told him. I think he would be surprised to know what business people make today. Not impressed though. Not much impressed him.

## Some Ways The Industry Has Changed Since 1984

The yearly premium for the first homeowner policy I wrote was \$125. It didn't include coverage for water back-up as that came later. The basement in the home where I grew up was flooded twice without coverage. Against my grandfather's advice, my dad built on a sloping lot. My grandfather immigrated from Italy in 1919. Grandpa knew construction and drainage.

Policies for homes used to be primarily for fire and theft. You didn't dare leave your doors unlocked or garage door open. I can't remember the last time I got a call about a home invasion. Lots of home claims today are for weather damage to roofs and siding. We also see damage caused by water pipes, sump pumps, and plumbing fixtures. On the liability side, a surprising number of claims come from dog bites (many of which happen when someone is dog sitting).

Rating an auto policy used to be rather simple. Such factors as age, gender, and vehicle usage determined the rate. Now insurance companies use dozens of data points to determinate the premium. Accounts are assigned a score based on factors that include ones credit rating. Our primary company rates accounts from 1-12. My score is a 2 which earns a discount.

I was warned 37 years ago not to enter the independent agency system. The direct writers like State Farm, Allstate, and Nationwide were going to wipe out the independent agents. That hasn't happened. We have seen the emergence of direct to the consumer sellers like GEICO. My grandchildren would represent generation #4 in this agency. Honestly, not sure if I would suggest it to them or not. Staying a locally owned, family business isn't easy. Most of the large agencies that were around when I started have sold or merged. I don't blame them as buyers are paying record prices.

## Paid Claim a Result of Agent Suggestion



Insurance agents can be legally liable for their errors and omissions. Thru my work with our trade association, Ohio Insurance Agents, I became a classroom instructor. One of the classes I taught was how to avoid actions that could lead to an errors and omissions (E&O) claim.

Ohio law does not hold an insurance agent to the same standard as other licensed professions such as a doctor or lawyer. In the eyes of the law, we are considered to be order takers. Our responsibility is to follow the coverage instructions we're given by the customer. In other words, if I'm asked to add a new car to a policy that's what the law expects me to do.

Insurance agents have no duty to advise or make suggestions. In fact, doing so can put an agent in legal jeopardy. What if our advice turns out to be wrong? What if the customer comes to expect advice all the time? Even if an agent gives the right advice, there can be a misunderstanding. Lots of potential problems arise.

A few years ago I was contacted by a business needing a new agent. I reviewed their current policy and met with the customer. Their business required the use of customized trailers traveling around the Midwest and south. Each customized trailer generated quite a bit of revenue.

Like any over-the-road trailer, there was potential for damage. I asked the customer if he had ever considered business interruption coverage in case one of the trailers was damaged. That type of insurance would pay for the lost income during the repair period. It seemed like a good idea to him and I was instructed to add the new coverage.

Earlier this year one of the trailers was damaged. The repair time took much longer than expected and a claim was filed for the lost income. The insurance company adjusted the business interruption claim and paid \$42,284.

My suggestion (advice) about the extra coverage was contrary to what I taught in the classroom. In this case it turned out well and the customer was pleased.

### Undercover Claim Adjuster

## **New Policy Language for Roof Damage Caused by Wind and Hail**

These Claims Just Got a Bit More Complicated

I'm not a real claim adjuster. I've been created by the author of this newsletter. The job of a claim adjuster is to investigate the damage, review the coverage, and make a fair settlement.

When a roof is damaged by wind or hail, new homeowner policy language requires the claim be submitted within 180 or 365 days of the storm (depending on the insurance company). That means I not only have to investigate the damage but study weather data to determine the most likely date it happened. If outside the claim reporting period, I have to deliver the bad news. It's now part of the job.

Before, when I found damage (and coverage) I normally settled the claim by paying for a whole new roof. New language in the policy allows me to pay for partial roof replacement. As long as a reasonably uniform appearance can be achieved I've done my job. That will mean more payment for just a single slope of the roof. I wonder how many customers will be satisfied when I replace only the west facing slope and leave the east facing slope as is?

Personally, I understand the need for these changes. They make sense to me. I'm sure I will still pay many roof claims for wind and hail damage. I just have to adapt to the way things are now.

## Church Confirmation



About 10 years ago I had an idea for my daughter Kelly. My wife and I had drifted a bit from the church in our old neighborhood. Kelly had two young daughters and I wanted them to develop their faith. I thought it would be a good idea if both families transferred to the church closer to where we lived.

Kelly agreed and even taught Sunday school for six years. Her oldest, Cameron (center of the photo), was recently Confirmed into the church. This photo was taken at the reception. Cameron, age 14, has learned quite a bit. She recently asked me to recite my favorite Bible passage. Thankfully I came up with one. Then she told me hers.

## Not Your Ordinary Internet Lead

Like many businesses, we get leads thru our website. Over the years the leads have become better and better. A recent inquiry caught my eye so I decided to respond to it myself. There wasn't a lot of information but it came from a person named T Woods. Based on the background info I could obtain I sent this reply:

Dear T Woods,

Your inquiry about personal insurance coverage came thru our website. A records check on my end shows that you reside in Florida. Just making sure you know we're in Columbus, Ohio. We do have accounts in Florida but our products are limited.

We represent Cincinnati Insurance and also have access to Chubb. Both have offerings for the High Net Worth client. Based on your home, boats, cars, and airplane you will easily qualify.

I am puzzled by your occupation. My background check indicates you are a restaurant owner. However, it also looks like you travel quite a bit. Please clarify. If you travel, what precautions are taken to protect your residence? I assume you have an alarm system. If we write your home you will also be asked to install an automatic shut off valve for your plumbing system.

I took a close look at your driving history. Mind you I don't always trust the accuracy of these reports. However, if even half of the activity is correct I may have a problem finding auto insurance for you. There is an entry from Feb 23rd of this year that appears to be a single car crash in the Los Angeles area. I will need full details including the reason you were in the area that morning. Also, the car you were driving appears to be a rental. Please explain.

Your account presents a unique opportunity for our agency. Seldom do we work on policies with such large values. However, I'm going to need help from you before I can submit your account to an underwriter.

Thank you for the inquiry.

Ralph Guarasci

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