



Straight to the Point..

A Newsletter Designed to Help Clients Understand Asset Preservation

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Majority of Southern California Wildfire Claims Resolved

Courtesy of the California Department of Insurance

A new insurer survey estimates that roughly three-quarters of claims stemming from the devastating October wildfires have been resolved.

A poll by the Insurance Information Network of California (IINC) of insurers representing more than 65 percent of the homeowners insurance market found that they have paid and completed 8,955 of the 11,841 residential fire claims for a total of more than \$1.05 billion. More than 19,000 insurance claims were filed following the fires.

"Fire survivors have done an outstanding job of working with their insurers to quickly file and resolve wildfire claims," said IINC Executive Director Candysse Miller. "And insurers, in turn, have responded." With more than 3,500 homes lost to the firestorms, the majority of settled insurance claims are for so-called "partial losses," or household damage caused by smoke or even firefighting materials. Those who lost their homes may still face a long road to recovery as they work with architects, contractors and insurance



San Bernardino, CA, November 1, 2003 -- This aerial photo shows the patchwork of homes destroyed by wildfires in Southern California. Photo by Andrea Booher/FEMA News Photo

representatives. Some neighborhoods have already taken extraordinary steps to work together to reduce rebuilding costs and speed the recovery process.

Over the next several months, fire survivors may face deadlines for replacing possessions lost in the fire, and should keep in mind completion dates for additional living expenses set out in their policy contracts as they schedule their rebuilding effort.

Insured losses from the 2003 firestorms are expected to reach \$2.03 billion and result in more than 19,000 homeowners, auto and commercial insurance claims.

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Sinking Your Teeth into Dog Bites

By Daniel Glunt

Dog bites are a significant national health problem in the United States and other countries. The majority of injuries to children occur in the face, head and neck areas. Dog bites are a greater health problem for children than measles, mumps, and whooping cough combined. The problem has been growing for more than a decade. Here are the startling USA basics:

- Every 40 seconds, someone in the United States seeks medical attention for a dog bite related injury.
- More than 334,000 victims end up in the emergency room
- Dog bites accounted for more emergency room visits than playground injuries; for more visits than injuries from bikes, mopeds, ATV's, inline skating, skateboards-combined
- More than 4.7 million people, or 2% of the U.S. population, are bitten by dogs each year

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Avoiding Rancor in the Distribution of Family Treasures

By Judy Barber, Family Money Consultants

In the last issue of Straight to the Point, readers learned how to pass on a family's legacy to the next generation by insuring collectibles such as art, jewelry, crystal, antiques, and silver. However, after insuring one's valuables, the older generation must then provide a method for distributing cherished objects and supplying guidelines for who gets what after they've passed away. It's rarely easy to think about what will happen after we're gone to objects that have brought us esthetic pleasure; the process can be complex and painful. Yet, without estate planning, the next generation may be left to guess and interpret its parents' wishes, and in doing so, may be vulnerable to family rifts and tainted long-term relationships. Below is an example of one family's struggles:

Charles and Louise* were happily married for forty years until 1994 when, after an extended illness, Charles died of cancer. Their children are: Ted (34), a real estate developer in Los Angeles; Jack (32), a schoolteacher in the Bay Area, and Abby (30) an investment manager in Portland, Oregon. All three are married; Ted and Jack each have two children.

Charles and Louise had created a Q-Tip Trust that enabled Louise to make the decisions regarding distributions of the property and contents of their home from this trust. The children all received gifts of income producing property before Charles died. The parents discussed with their heirs the fair distribution of the proceeds from the family home and investment portfolio that would be distributed after Louise died. They also promised a fair disbursement of the couple's extensive art collection, antiques and jewelry.

**This story is a composite of a number of families. Names, details and circumstances have been changed for reasons of privacy and clarity.*

However, in spite of their good intentions,

the couple couldn't quite keep their promise. Six months before he died, Charles tried to express his desire for an appraisal and a meeting with his three children to discuss apportioning the parents' valuables equitably. Louise, however, wasn't quite ready and explained to the advisor, "I cannot imagine Charles not being with me in our beautiful home. The thought of talking about our lovely things spread around after I'm gone is incomprehensible to me."

Never fully recovering from Charles's death, Louise lived largely in seclusion, saw few friends and became more and more protective of her possessions. Since Jack lived nearby, he helped with the upkeep of the house and his mother's personal needs.

Jack talked with Ted and Abby regularly and kept them informed about their mom's behavior. In 2002, Louise fell, broke her arm, and perhaps suffered a small stroke. She continued to withdraw from friends and family, became angry about her plight without Charles and Ted and Abby's busy lives that seemed to prevent them from visiting her. Louise began to talk with Jack about who deserved what of the family's most valued possessions. She told Jack he deserved more because he didn't make as much money as his siblings. Jack was appalled when she asked him to help her make a list of who should get what, insisting that he not discuss the matter with his siblings. Although he didn't agree, he respected her wishes. For six months before Louise's death, Jack sat by his mother's bed and recorded an ever-changing list of what he, Ted and Abby would receive. Two months before she died at the end of 2002, Louise gave a final, signed list to her attorney. Ted and Abby hadn't known that Jack had participated in their mother's drafting of the list that left nearly 60% of the family heirlooms to Jack (including some family jewelry to Jack's wife).

As is often the case when unexpected revelations surface after the death of a parent, Ted and Abby directed their anger and hurt at their sibling. Although they were aware, during the last two years of her life, that Louise was increasingly upset and prone to angry outbursts like, "No one really cares about me anymore," they couldn't accept the implication that Louise freely chose a larger apportionment for

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“Without estate planning, the next generation may be left to guess and interpret its parents' wishes, and in doing so, may be vulnerable to family rifts and tainted long-term relationships.”

Dog Bites

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- More than half of all victims are children
- 60% of dog-bite attacks happen in the home, either by the family or a friend's dog
- Bites cost the insurance industry over \$1 billion - paying roughly \$345.5 million in 2002 - accounting for 1/4 of the total number of homeowner insurance liability claims
- 75-percent of the dogs had not been involved in a previous bite or attack
- 77-percent of the dogs were male
- Unneutered dogs are more than 2.6 times more likely to bite than neutered dogs
- Only 50-percent of the dogs had been vaccinated for rabies, in the cases where the dog could be identified

Top Dog Offenders

The following dogs have been responsible for the greatest number of dog bite-related **fatalities** over the 20-year period, 1979 to 1998:

Pit Bull	118
Rottweiler	67
German Shepherd	41
Husky	21
Malamute	16
Wolf-Dog Hybrid	15
Chow-Chow	21
Doberman-Pinscher	13
Great Dane	13
St. Bernard	8
Labrador Retriever	8
Akita	4
Mixed Breed	47

Notables – Terriers (4),
Australian Shepherd (3),
Cocker Spaniel (1)

(Source: Center for Disease Control and Prevention)

- Dogs bite 7,000 USPS mail carriers each year (Sources: Centers for Disease Control, USPS, Texas Department of Health Study, Humane Society, IIAA)

Insurers are Limiting their Exposure: With an average cost of \$16,600 per claim, many insurers are taking steps to limit their exposure. Some companies require dog owners to sign liability waivers for dog bites, while others charge more for owners of biting breeds such as pit bulls, Rottweilers and others are not offering insurance to dog owners at all. It is unlikely that insurers will begin offering specialty insurance policies just for dog bites since the cost of such policies would be prohibitive.

(Source: Dr. Jeffrey Sacks - Center for Disease Control and Prevention)

Dog Bite Prevention Tips

1. Make sure that your dog gets basic obedience training.
2. Understand the behavior of your dog breed.
3. Make sure your dog is in good health. A sick dog may attack because it is not feeling well.
4. Do not allow your dog to roam.
5. Correct aggressive or inappropriate behavior when it starts.
6. Spay or neuter your dog.
7. Do not play aggressive games with your dog or engage in contests that you might lose.
8. Make sure your dog is properly licensed and has received the necessary vaccination shots.
9. Do not allow your puppy to "chew" on your arms or hands.
10. Learn to read your dog's body language.
11. Do not try to intervene when two dogs are fighting.
12. Prevent dog-to-dog aggression by watching for behavior that precedes aggression, such as staring at each other.
13. Train and socialize your dog to be comfortable around children, friends, and neighbors.

(Source: American Veterinary Medical Association & the U.S. Humane Society)

Chubb Enhances California Homeowners Insurance Offering with Masterpiece Family Protection

Warren, NJ, -- The Chubb Group of Insurance Companies has made several enhancements to its *Masterpiece*® home-owners insurance program in California.

Chubb has introduced new coverages, more competitive rates, higher deductibles and other features and benefits. A new collectibles class will enable the insurer to offer more competitive rates to collectors of wine, antique guns, model trains and other collections. The insurer also raised its maximum personal and excess liability limits to \$50 million.

"These enhancements, as well as the recently an-

nounced offering of *Masterpiece Family Protection*,SM are a clear indication that Chubb has an appetite to write more business in California," said Peter Spicer, assistant vice president of Chubb & Son and new product manager for Chubb Personal Insurance. "Combined with our expert claims and in-home appraisal services, Chubb is a market of choice for the owners of custom-built, historic and other fine homes in the state."

Family Protection, which is now being sold in 14 states including California, helps to protect families against the costs associated with a home invasion, child abduction, car jacking or stalking incident. In the event of a covered loss, the insurance reimburses the policyholder up to specified limits for various expenses.

These include fees for medical and psychiatric services, reimbursement for lost wages, fees for professional security

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Bad Time For Sibling Rivalry

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Jack. And of course, not knowing for sure whether Jack influenced their mother's decisions made Ted and Abby suspicious and increased the divisive impact of the unequal distributions of the family's valuable possessions.

So how could this hurtful situation have been avoided? The following is a series of steps to ensure a fair distribution:

The Tasks of the Benefactor

- Provide guidelines for distributions. With an understanding that the older generation will make the final decisions, the heirs can make their desires known to their siblings and their parents - either together or individually. If one family member wants a particular object, some "horse trading" may be in order.
- Avoid asking heirs individually to pick out specific objects they may desire. It's awkward. When a parent asks a child what they would like, the heir has no idea how to measure his own request against those of his siblings. For example: What have the parents promised other siblings? Are there duplicate requests? Is an heir asking for too much or too little?
- Make clear how you want to fit the appraisals into the selection process. Will these appraisals be considered and balanced against cash or other assets in the selection process? If so, are the values discussed at the beginning or end of the distribution discussion.

The Tasks of the Siblings

- First, clarify what if any possessions can be removed from the family home. In most instances these items would not be included in the appraisal. Make sure everyone is in agreement.
- Come to a consensus about what is a fair process. (This does not necessarily mean majority rules.) Each participant should have a say in finding an impartial method that works for everyone. Schedule firm dates and times when everyone can attend to assess what will be distributed. No exceptions.

- Ensure adequate time and opportunities in a well-organized, easy to see manner, for participants to see the objects
- Devise a neutral system to make selections. Draw straws. Use a deck of cards; randomly draw an ace, king, queen jack, ten, etc. The ace goes first, then the king, then the jack and on down the line. Or work back and forth between the higher and lower cards. In most situations, negotiating and trading is part of the process, as long as no one feels vulnerable to pressure from others.

Unfortunately, Charles and Louise's children didn't have a working system in place. Ted and Abby continued to believe their mother's distribution plan was unfair. Although Jack believed he had correctly agreed to keep his mother's list confidential, in his heart, he felt the outcome was wrong. He also knew his father wouldn't have approved of the plan. But Jack, too, was angry. For the first time, he expressed that he carried the burden of caring for his mother, without Abby and Ted's help, after his father died. So, with Jack's point of view in mind, the three finally devised an equitable distribution of the family treasures that seemed fair to everyone. Ted and Abby decided to give Jack more than his one-third interest in the sale of the family home because of his efforts on their behalf.

The three children thought that if their parents could have been involved in this process before they died their relationship with their siblings would never have been compromised. Fortunately, they also believed that the positive relationship they had with their parents and with each other contributed to their ability to work things out together in the end.

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Chubb Homeowners Enhancement

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consultants and security guards, and the cost of recuperation, improving household security and temporarily relocating one's residence.

The policy also provides a reward for information leading to the arrest and conviction of the responsible party. Covered

relatives include one's spouse, children, grandchildren, parents, grandparents, siblings and their children. Depending on the type and severity of covered loss, the policy provides up to \$300,000 in coverage to California residents, as well as an accidental death and dismemberment benefit up to \$250,000.

Annual premiums are \$135. Contact Fort Point Insurance to learn more about *Family Protection*.



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