



Straight to the Point...

A Quarterly Personal Insurance Publication for Families and Their Financial Advisors

Inside this issue:

- Commemorating 1906 Quake Reminds All to Prepare 1
- Secret Rooms Can Add to Home's Security and Value 1
- Gold's Value Takes Price of Jewelry Up 2
- Confirm Insurance Before Taking On Remodeling Project 2

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Daniel Glunt, Principal

Quake Centennial Inspires Californians to Prepare

State officials were hoping that last month's 100th anniversary of the 1906 San Francisco earthquake would inspire Californians to prepare. That quake and subsequent fires destroyed 28,000 buildings and left 225,000 of the city's 400,000 residents homeless. Estimates of the death toll range from less than 500 to more than 3,000 - making it one of the deadliest natural disasters ever to strike the United States.

Hurricane Katrina, which killed more than 1,300 people, has had a dual effect on homeowners in the Bay Area, where geologists project a 62 percent probability of a magnitude 6.7 or greater earthquake in the next 26 years.

Some Californians called their insurance agents and signed up for quake coverage. But for many others, watching billions of dollars in federal aid pour into the Gulf Coast merely bolstered a sense that the government would come to the rescue after a big earthquake.

There's a joke in the insurance industry about this mind-set. It's nicknamed the "Air Force One Solution" -- based on the myth



that the president would surely fly over a disaster zone dropping \$100 bills from his plane.

"Good luck with that," said Nancy Kincaid, director of public policy, mitigation and communications for the California Earthquake Authority. The authority is the state's privately funded, publicly managed quake insurance provider; its member companies provide coverage to about 70 percent of Californians who have such protection.

"Everyone thinks the government will bail you out," she said, "but we've learned it's

(Continued on page 3)



Hidden Passageways Add Security, Style to Homes

Most luxury home security systems are high tech, but few are high style. An exclusive set of home owners have taken their home protection devices from boring to Bond with the installation of silent, fully-automated hidden passageways that conceal valuables and panic rooms. These custom features provide discreet security, attractive design and added value.

To date, only one registered contracting company designs, builds and installs fully-

automated hidden passageways. Creative Home Engineering provides its clients with custom security on the cutting edge. Even though these secret doors can be fitted with ultra heavy duty locks, hinges, and armor plating, their greatest security attribute is that they are totally hidden. As company founder Steven Humble puts it, "A thief can't burglarize a room he never knows is there."

"At Creative Home Engineering, there is no fantasy," insists Humble. "You dream it, we build it." Clients have requested de-

(Continued on page 4)

As Gold Surges, So Does the Price of Jewelry



Rising gold prices have been great for investors. But if you're buying a piece of gold jewelry this spring — ouch.

As wedding season approaches, prices for gold jewelry are expected to jump 10% to 20% over last spring, the World Gold Council, a gold-mining industry trade group, estimates.

"It's going to be very tough to break the news to consumers that after so many years of stable prices, prices have to go up," says Peggy Jo Donahue, a spokeswoman for Jewelers of America, a trade organization for jewelers.

The price of gold hit over \$700 a troy ounce in mid-May, the highest since 1980.

The jewelry-store price of gold isn't soaring quite that fast. In part, that's because gold makes up only about 25% of the price of a piece of jewelry, notes Whitney Sielaff, editorial director of *National Jeweler* magazine. The rest comes from designer and overhead costs.

Stiff competition in the jewelry business, too, should help moderate the effect on consumers.

At Sterling Jewelers of Akron, Ohio, owners of Kay Jewelers and Jared the Galleria of Jewelry, "Prices have increased more than 30% over the last three years," and the company has "selectively raised prices," says David Bouffard, marketing director. But Sterling is trying to limit price increases, he says, by cutting costs elsewhere.

In addition, many retailers are selling gold jewelry now that

they bought months or even a year ago, Sielaff says, so most current retail prices don't reflect the most recent surge in gold.

The traditional wedding season begins Memorial Day weekend and extends through Labor Day. June is the most popular month.

Even if higher prices don't make a dent in jewelry sales this summer, they could by year's end. By Christmas, jewelry prices could rise further as retailers replace the lower-priced stock in their stores, Donahue says.

U.S. consumers bought \$17.7 billion in gold jewelry in 2005, including gold settings with stones. That was up 4.4% from a year earlier, according to the World Gold Council.

Few expect moderately higher prices to hurt sales very much. "People will really stretch (to buy) jewelry," says Pam Danziger of Unity Marketing, which studies consumer buying habits.

Soon-to-be newlyweds still need to buy gold bands and engagement rings, even if they have to dig a little deeper, Sielaff says.

"It's a cultural imperative to have a diamond ring to get married, and you want that set in a precious metal — gold or platinum," he says.

Jewelers are reacting to higher gold and platinum prices by shifting inventories toward diamonds and jewelry made with other, less-precious metals, such as steel, palladium and titanium.

"Men seem to really groove on these new white metals," Donahue says.

By Mindy Fetterman, USA Today

Check Insurance Before Remodeling

If not to put the final touches on a dream, renovating or remodeling a house or condo simply enables you to express your personal style. But before the hammer hits the nail, it's important to consult your insurance professional at Fort Point Insurance.

We'll help assess the project, evaluate contractors insurance coverage, their safety procedures, suggest ways to secure valuables, and make sure that the appropriate coverage is arranged. And following completion of the renovation, a Fort Point Insurance consultant can also help identify and address new insurance needs, such as added-dwelling coverage for the property's increased value.

Ask how a tailored insurance program can cover replacement of property during the course of a renovation. This includes structural damage to the home, but as well as loss or destruction of valuables, including

art, collectibles, and jewelry.

And while a Fort Point Insurance Homeowner's policy coupled with Valuable Articles coverage offers the comfort of broad protection, to minimize fire and theft we recommend:

- Storing valuables in an UL®-approved safe or storing your valuables off-site when hired help is on the job.
- Ensuring the site is clean every day. Combustible materials lurk in rags soaked in solvents, sawdust, cardboard boxes and other debris. To that end, forbid smoking during renovations, and put portable fire extinguishers throughout the work site.
- Taking steps to secure the site when workers are gone with motion sensors, appropriate fencing and temporary fire- or burglar-alarm systems; and in notifying your security company when workers will be present.



The “Big One” Reminds All to Prepare

(Continued from page 1)

absolutely not true." The Federal Emergency Management Agency provides only limited assistance, said spokeswoman Nicol Andrews. "FEMA's not designed to make people whole after disaster, but to get people back on their feet," she said. The cap on FEMA grants to a single household is currently \$26,200, and on loans, \$150,000.

In a major disaster, it might be several days before vital services are restored. San Francisco is exposed to a wide variety of hazards, both natural and man-made. Earthquakes, fires, severe storms, power outages, and acts of terrorism are just some of the potential emergencies we may encounter. Imagine that you have no electricity, no gas, no water and no telephone service. Imagine that all the businesses are closed and you are without any kind of emergency services. What will you do until help arrives?

MAKE A PLAN

After a major disaster, it is unlikely that emergency response services will be able to immediately respond to everyone's needs, so it's important to be prepared to take care of yourself and your family. Plan to be on your own for at least the first 72 hours.

The following steps will help you prepare for any emergency:

- **Designate an out-of-area contact person.** Try to select someone that is far enough away to not be affected by the same emergency. Provide this person with the names and contact information of the people you want to keep informed of your situation. Instruct family members to call this person and tell them where they are. Long distance phone service is often restored sooner than local service.
- **Duplicate important documents and keep copies off-site,** either in a safety deposit box or with someone you trust. Documents may include: passport, drivers license, social security card, wills, deeds, financial statements, insurance information, marriage license and prescriptions.
- **Inventory valuables, in writing and with photographs or video.** Keep copies of this information off-site with your other important documents.
- **Make a Household/Family Plan.** Involve all key people in planning.
- **Make your home safe.** Visit http://www.72hours.org/home_safety.html for more information.
- **Put together a disaster supply kit.** Plan to have supplies for yourself and your family for at least 3 days following a disaster.
- **When planning, consider the special needs of children, seniors or people with disabilities, family members that don't speak English and pets**

UTILITIES

Natural gas leaks can cause an explosive and flammable atmosphere inside a building.

Natural Gas

• If you smell gas, hear gas escaping, see a broken gas line, or if you suspect a leak, shut off the main valve and open all windows and doors.

• Never use candles or matches if you suspect a leak. Do not turn on electrical switches or appliances. Identify the main shutoff valve, which is located on the gas line coming into the main gas meter. This is usually on the exterior of your home or building, or in an external closet. Your main valve may look like Figure 1. To turn gas off, give the valve a quarter turn in either direction. When the lever crosses the direction of the pipe (see Figure 2) the gas is off.

• Keep a crescent wrench or gas shut-off tool nearby to turn the lever. Once the gas is turned off, never attempt to turn it back on yourself.

wait for your utility company to do it, but be aware that it may take several days for it to be turned back on.

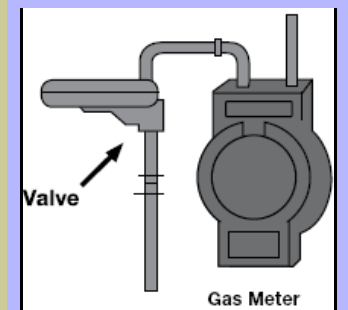


Figure 1

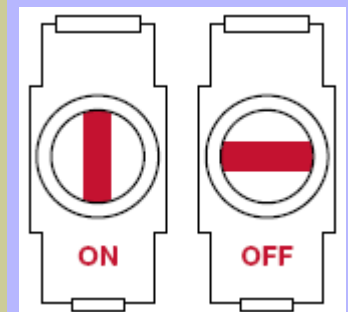


Figure 2

Electricity

Electrocution can result from direct contact with live wires or anything that has been energized by these wires. Locate your home's main electric switch, which is normally in the garage or outdoors, where the power lines enter the home. The panel box may have a flip switch or pull handle on a large circuit breaker.

Shut off electricity when:

- > Arcing or burning occurs in electrical devices.
- > There is a fire or significant water leak.
- > You smell burning insulation.
- > The area around switches or plugs is blackened and/or hot to the touch.
- > A complete power loss is accompanied by the smell of burning material.

Water

Water leaks can cause property damage and create an electrocution hazard.

• Shut off the water when there is a leak inside the building.

The water shutoff is usually located in the basement, garage, or where the water line enters the home. The water shutoff is located on a riser pipe and is usually a red or yellow wheel. Turn wheel clockwise to shut off.

Hidden Spaces

(Continued from page 1)

vices ranging from rotating fireplaces, moving staircases and levitating wall niches to hidden escape slides and emergency exits disguised as fine furniture. Your jaw drops when you see these features in operation, so much so that many homeowners can't resist the temptations to show them off to their friends.

Features can be activated by any means the client wishes, such as twisting candlestick, pushing a wall sconce, selecting a favorite book title from the library shelf or even knocking on the wall in Morse code. For the most exclusive access, biometric security devices like fingerprint readers and iris scanners ensure that only a privileged few may enter.

Ordinary homes don't get featured in magazines and they never become the talk of the neighborhood. There is no doubt that this level of home security increases the value of any home. Secret passages appeal to the practical buyer's need to feel prepared while delighting the emotional buyer who loves fun, style and exclusivity. Rest assured, those who visit your open house will forget all about the ordinary homes they've seen and that means more money for you at the closing table.

It's easy to see why automated hidden passages pay for themselves. However, some things in life are worth more than money. The real value of a secret passageway is the peace of mind that comes with knowing your loved ones and irreplaceable treasures are safe.

Steven Humble, Creative Home Engineering 480-577-8580
(www.hiddenpassageway.com)

About Fort Point Insurance:

Fort Point Insurance Services, Inc. provides comprehensive insurance products and services to help meet the unique risk management needs of affluent individuals and families. We accomplish this by drawing on our relationships with the nation's most respected insurance carriers, and from our own experience in serving the private client personal insurance market. Based in San Francisco, we work with individuals and families across the United States.

The Fort Point Insurance process:

- Consultative review of current coverage
- Recommendations, solutions and services
- Pricing options and alternative quotations
- Continued expert advice and periodic reviews

Our Principal Carrier Relationships:



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