



Straight to the Point...

A Quarterly Personal Insurance Publication for Affluent Families and their Financial Advisors

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Don't Get Caught Underinsured

An important distinction exists between the insured value of your home and the actual cost to replace it after a loss. In our everyday lives, it is easy to believe a large scale disaster will never affect us, and we continue to do our best to shop for the most cost efficient or most convenient form of risk management. However, three disastrous fires occurring within the last three years illustrate how homeowners' perception of their insurance changed after a devastating loss.

In 2007, the Witch Creek Fire destroyed 1,500 homes, 500,000 acres of

land, and resulted in 9 deaths and 85 severely injured victims. In October 2008, California was engulfed by another wide spread disaster: fires extending from the San Fernando Valley to Granada Hills, Los Angeles which burned over 27,000 acres, destroyed 64 structures including homes and caused at least two deaths. Recently, Santa Barbara homeowners were threatened by another wildfire, which has burned more than 8,730 acres and has destroyed 78 homes while damaging 11 others.

The 2007 Witch Creek Fires, 2008 San Fernando Valley/Granada Hills fires and the recent Santa Barbara fires should give us pause to wonder if our current risk management portfolio is enough. According to the article, "Poll: Californians Overwhelmingly Recognize Personal Responsibility to Update Insurance" listed on the Insurance Information Network of California (IINC) website, 61% agreed homeowners have the primary responsibility to keep their insurance policies current. Despite the results of this poll, victims of wildfires almost always

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Fireman's Fund: The First Green Homeowner Policy

According to an article in the *San Francisco Chronicle*, "Fireman's Fund Insurance Co. will offer a plan that pays for damaged or destroyed homes to be rebuilt using environmentally friendly methods and materials." This new policy, along with the pledge by Fireman's Fund parent company, Allianz, to reduce its "carbon footprint" 20% by 2012, shows Fire-

man's Fund's commitment to the environment. Moreover, Fireman's Fund not only offers a green home endorsement that pays for damaged or destroyed homes, but also offers a discount to homeowners with homes that meet current Leadership in Energy and Environment Design (LEED) standards.

In most states, Fireman's

Fund clients are entitled to the Green Coverage.

Damaged or Destroyed Homes:

Fireman's Fund will pay to rebuild the home to meet "certified" requirements, such as those created by LEED. Also, Fireman's Fund now offers to replace damaged or destroyed

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Don't Get Caught Underinsured

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approach their insurance carriers following a loss, alleging insurers provided misinformation, leading homeowners to believe they had enough insurance to replace their home if it burned to the ground. If homeowners believe it is their responsibility to adequately insure their homes, why are there so many frustrated homeowners following a wildfire or other large-scale loss?

Wildfire victims may encounter frustration following a loss resulting from miscommunication with their insurance agent, or if they lack the knowledge as to what their policy covers and what it does not. Additionally, underinsurance commonly

stems from clients who may shy away from informing their agent of additions and renovations occurring in their home to save premium dollars. However, the result is underinsurance in the face of a large disaster. "Only the homeowner will know if they have done substantial renovation work that requires an increase in insurance limits." (IINC)

In exploring the 2007 Witch Creek Fires, 2008 San Fernando Valley/Granada Hills Fires, and the 2009 Santa Barbara Fires, we hope to demonstrate the importance of ongoing communication with your insurance agent to ensure both parties fully understand the value of your home. Your insurance agent should

know when your renovation project begins and ends, and the expected value of the completed project. Additionally, appraisals are essential tools in understanding the replacement cost of your home. Fireman's Fund, AIG, ACE, Chubb and Travelers are sure to inspect your home every 5 years to make sure the replacement cost of your home is accurate. We advise all of our clients to read their policy information each year and contact our team with any questions or concerns.

As IINC Executive Director Candysse Miller advises, "It may sound like a chore, but understanding your insurance coverage is a critical step in protecting your home and assets."

Chubb Deploys Private Engines to Protect Homeowners

You may have heard of Chubb Group of Insurance Companies' wildfire protection service, and perhaps you have seen Chubb's impressive wildfire engines on their way to battle a fire. But perhaps you have not seen these private firefighters at work. An article posted in the Santa Barbara *Independent* (www.independent.com) details how Chubb's Wildfire Defense Services (WDS) coordinates with local fire departments to protect insured's properties during the recent Jesusita, Santa Barbara Fire.

Chubb's Wildfire Defense Services (WDS) monitors the insured's local community and will send their clients frequent updates regarding the threat of wildfire to the property. Should a wildfire reach within 3 miles of a client's property, or once an evacuation order is received, Chubb will deploy certified firefighters to protect the enrolled property. Once the fire has passed, the WDS will remove the fire-retardant gel to be sure the home is restored to its original condition.

Chubb's Wildfire Defense Services is "supervised by staff officers with up to 35 years of wildfire experience, including fire management experience with federal and state agencies." (www.Chubb.com) If you are a Chubb client, and are not yet enrolled in the WDS, please do not hesitate to contact our team for enrollment information.

Clients insured with our other partners: Travelers, ACE, Fireman's Fund, or AIU Holdings may find coverage for fire-related expenses in their homeowners contracts, such as forced evacuation expense. AIU Holdings also has its own wildfire defense program, which similar to Chubb's program, requires pre-enrollment. Additionally, Fireman's Fund's Homeowners contract offers consultations for wildfire solutions and additional coverage in the event of an evacuation. These are just a few examples of pertinent wildfire coverage information found in the Homeowners policy. Our team is available to address any questions you may have in regards to this important coverage.

Background Checks for Domestic Staff

To many, domestic employees are like a member of the family. But how trustworthy are they with unsupervised access to one's belongings, financial records, and children? It is critical that you can trust domestic employees with those who are most precious to you.

According to Teresa Leigh, a household risk management consultant, taking the time to properly investigate potential domestic hires not only saves you time in the long-run by making sure the candidate is a right fit, but can also save your life. Ms. Leigh discusses a recent tragedy which arose from a poor hiring decision.

Lila Meizel, an 83 year old woman who lived by herself, employed Jose Alvarado as a gardener. She compensated him by way of personal checks. On one occasion, Alvarado added two zeros to his \$75 check, which he quickly cashed at a bank. Fearing repercussions from his actions, Alvarado decided to cover up any evidence of his fraudulent activity. After severely injuring Ms. Meizel, he proceeded to light her home on fire. Ms. Meizel later died from her injuries and smoke inhalation.

Although the above example may seem like an extreme circumstance, it does raise the question: what could Ms. Meizel have done to avoid this outcome? Had she known Alvarado previously faced criminal charges of fraud, and a possible criminal past in El Salvador, her story may have ended differently.

Conducting Background Checks

According to Ms. Leigh, there are several factors to consider in hiring a domestic employee:

- Request color copies of photo IDs, such as a driver license and a passport, from each employee and independent contractor who has access to your home. Be sure to study the original IDs carefully to make sure that the photos, the birthdates and signatures match.
- Call their references—*all of them*. Cross-check the information and work history they have offered you.
- Look for red flags, such as the reference seems hesitant to talk to you or not able to speak to the person's character. Ask open-end versus "yes or no" questions, and always ask the reference what their relationship is to the other person and how long they have known them.
- Hire a professional firm to perform a thorough background and credit investigation. Always perform the investigations prior to hire as investigations after hire carry a high liability. Require employees to complete an I-9 form within 72 hours of their hiring. Doing so will fulfill your federal employment obligation and will allow you to verify your new hire's citizenship.

If time does not allow you to properly investigate a new staff member, hire a household risk manager to help you.

Even after a thorough security check, it is necessary to keep an eye on anyone you let into your home. Do not offer security codes or master keys to vendors or subcontractors. Don't keep important financial papers left out, and always be sure that especially valuable items (such as jewelry and other important papers) are in a safe or other secure location. If your children are left alone with



your domestic staff, consider installing a nanny camera in your home. If you have hired someone to care for an elderly family member, be sure bank accounts and other valuables are closely monitored.

Fort Point strongly recommends thoroughly investigating your domestic staff, especially nannies or other employees who may have access to your personal information. To obtain further details about household risk managers, please visit Ms. Teresa Leigh's website at www.teresaleigh.com.

Some clients may qualify for a complimentary household risk management consultation through their Chubb Homeowners policy. Should you wish to access this coverage for a new employee, please contact our team for additional information. For additional information regarding investigative services, please do not hesitate to contact our team.

Green Homeowner Policy

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home furnishings with Energy Star equivalent equipment. Additionally, upgrades to building materials, interior lighting systems, roofing, interior plumbing, and heating and cooling systems are also available.

Discounts for Policyholders with Green Homes:

Policyholders who currently have Green homes may be eligible for a 5% discount on their corresponding Homeowners policy. Supplementary coverage for existing green homes will protect the existing features of the Green certified dwelling with "like kind and quality" replacement.

What makes a Home Green?

Fireman's Fund's contract states a Green home promotes healthy air with few emissions from paints and carpets. Using natural light and shade as opposed to high voltage light bulbs is another indication of a Green home. Other indications include the usage of Energy Star rated appliances, low flow water fixtures, renewable building materials and overall waste recycling. Moreover, Fireman's Fund uses LEED as a benchmark for acceptable Green standards. According to LEED Green standards, a Green home has exceptional indoor air quality, has heating bills 66% lower than other homes, and is 45% more energy efficient.



STRAIGHT TO THE POINT...

Green homes may be eligible for a 5% discount on their homeowner's policy with Fireman's Fund.

To qualify the home must: promote healthy air with few emissions from paints and carpets, use nature light and shade versus high voltage light bulb, use Energy Star rated appliances, low flow water fixtures, renewable building materials, and LEED standards.

How does Fireman's Fund utilize this coverage in the event of a claim?

If a fire destroys your kitchen, dining room and family room, etc., your green options would include:

- Upgrade outdated heating and cooling systems with Energy Star rated products
- Upgrade interior plumbing and lighting systems with energy efficient replacement products
- Upgrade other non-Energy Star appliances with Energy Star
- 'Flush Out' reconstructed space with outside air
- Should you sustain a total loss, \$25,000 is available to hire a LEED certified professional to assist with design and construction. Additionally, \$25,000 in coverage is provided to assist with LEED home registration and certification fees.

Fireman's Fund has long provided clients with security and peace of mind, ensuring their most important assets are protected. Now, the company is providing the same peace of mind along with the satisfaction of contributing to a cleaner, healthier tomorrow. This coverage is available by endorsement for \$70 per million dollars of the dwelling or condominium value. Our team welcomes any questions or concerns regarding the above coverage.



Comprehensive Insurance Services for Affluent Individuals and Families

Fort Point Insurance Services, Inc. provides comprehensive insurance products and services to help meet the unique risk management needs of affluent individuals and families. Working with clients and their *most trusted* advisors, we analyze coverage gaps, identify potential loss exposures, and recommend proper limits of liability to protect both property and financial assets. 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 and around the world.

Fort Point Insurance works with those individuals and families whose complex needs demand significant client service resources. Generally, such client's insurance programs generate annual premiums in excess of \$10,000. At Fort Point Insurance, our professional advisors are prepared to offer unparalleled service and sophisticated coverage solutions as we manage our client's personal insurance programs.

Our Name

Directly under the south end of the Golden Gate Bridge stands Fort Point. The fortification was built in 1861 to protect San Francisco from a hostile fleet. It still stands today as a barrier between the city and the open sea - a symbol of confidence, protection and stability. We selected the name Fort Point Insurance Services, Inc. to illustrate the exceptional service we provide to all of our clients.

Principal Insurance Carriers



Personal Insurance Solutions and Products

Fort Point's portfolio of insurance products offers a variety of solutions for clients in all 50 states and around the world.

- **Personal liability:** primary/excess umbrella limits up to \$100 million
- **Dwelling:** high-value, standard, historic, condo units, multi-state, foreign, rental property, and seasonal/secondary locations
- **Condominium, Cooperative and Renter**
- **Automobile:** high-value, exotic, standard, collector, recreational vehicle/RV and motorcycle
- **Collections:** jewelry, fine art, wine, antiques, silver, and other collectibles
- **Watercraft:** sailboat, yacht, mega-yacht, and personal watercraft
- **Vineyard, Farm and Ranch**
- **Earthquake, Hurricane and Flood**
- **Family Office Coverage:** for legal entities used to manage client assets
- **Employment Practices Liability:** full-time and part-time domestic employees
- **Domestic Employee Workers Compensation**
- **Background Investigations:** complimentary checks for domestic employees
- **Personal Directors & Officers Liability**
- **Aviation:** jet, helicopter, turbo-prop and other (privately owned or fractional ownership) aircraft
- **Identity Theft**
- **Kidnap, Ransom & Extortion**

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