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NEWSALERT

Peace of Mind

Why Young Families Need More Life Insurance

LIFE INSURANCE is one of the most important financial products a couple with young children can secure.

If only one spouse is the breadwinner and suddenly dies, the family could be left destitute quickly because of the loss of the paycheck.

Even if both spouses are working and they have a mortgage that they both contribute to, it could ruin the family if one of them suffers an untimely death.

There are many other reasons for young couples with kids to secure life insurance, such as:

- Couples typically accumulate assets during this period of time, and an unexpected death can really damage this phase.
- This is also the time when debts are highest (mortgage, student loans, etc.), and those debts need to be paid.
- Also, it's not cheap to raise kids.
- Securing a life insurance policy in your younger years means you'll pay lower premiums than if you buy a policy when you are older, as you are expected to be healthier and have a long life ahead of you.

Life insurance options

Level term life insurance – If you have a young family, you may want to consider a level term life insurance policy. This is one of the simplest forms of life insurance: you just pick a length of time and a death benefit, and the premium stays the same through the life of the policy.

A level term life insurance policy:

- Lets you pick a policy length, which you could set to expire when you retire, or the kids graduate from college. A standard length of time is 20 to 30 years.
- Lets you choose a death benefit that meets your needs.
- Is often relatively inexpensive.

Permanent life insurance – You may also want to consider a permanent life insurance policy, which provides coverage during the entire lifetime of the individual. It can also have the benefit of accruing a cash value over time.

But for the coverage to remain valid, premiums must be paid on time. There are benefits and drawbacks to each type of life insurance; it really depends on the specific needs of the family.

Buying the right coverage amount

You will also want to consider how much life insurance will cover the needs of remaining family members.

Number of family members, debt, future debt and ability to afford the various life insurance premiums will all play a role in how much life insurance coverage is best.

See 'Even' on page 2

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Injury Risk

Tips on Ladder Safety for Those Autumn Chores

WHEN AUTUMN arrives, and leaves fall, you'll want to clear out your eaves and rain gutters, and trim back branches and hedges that grew long over the summer.

Much of that work is in high places — the gutters that you'll be unclogging of leaves and debris and inspecting for damage or leaks. You'll also be up high if you're trimming tree branches that are encroaching on your home and that could cause damage when high winds kick up, as they often do in winter.

In both cases you'll be working on a ladder, which can be dangerous if not approached safely.

More than 300 American homeowners die every year after falling from ladders, and ladders account for about 100,000 injuries annually.

So, before you pull out that ladder, we would like to offer some tips to ensure your safety.

Before using the ladder, check it for cracks, corrosion and missing rungs and steps.

Make sure the locks and spreader braces are working properly and that all bolts and rivets are secure.

Check steps for oil, grease, liquid or other debris that could cause a slip.

When preparing for any ladder work, keep the following in mind:

- Avoid doorways and uneven or slippery ground.
- Do not use in windy or rainy conditions.
- Keep at least 10 feet from power lines.
- Use a spotter when possible.
- Do not carry heavy, bulky material up or down the ladder.
- Always face the ladder.
- Avoid fast movements.
- Do not sit on a rung.

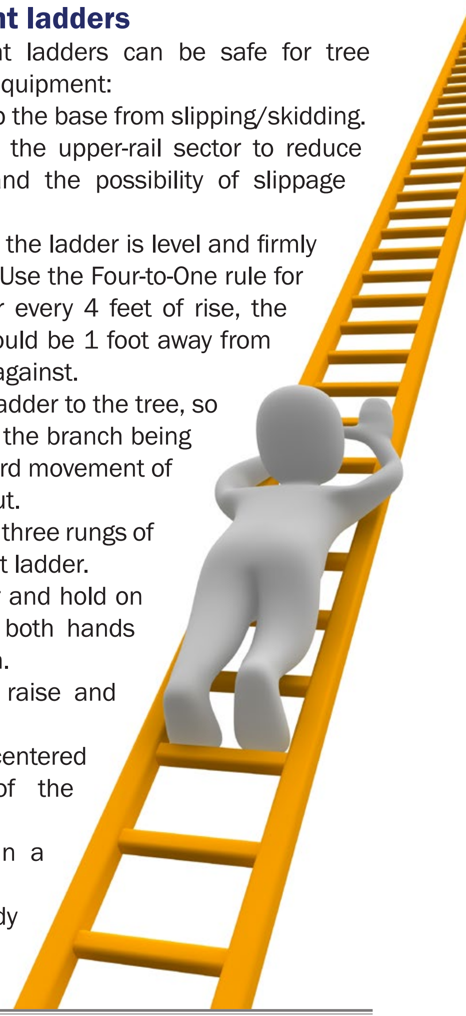
You'll most likely have either a stepladder or extension ladder (or both), and each type has unique safety precautions.

Stepladders

- Lock the spreader before you climb the ladder.
- Never stand on the top or the top step of a stepladder.

Extension and straight ladders

- Extension and straight ladders can be safe for tree pruning with optional equipment:
  - Steel spikes to keep the base from slipping/skidding.
  - Rubber sleeves on the upper-rail sector to reduce branch abrasion and the possibility of slippage along the tree limb.
- Make sure the base of the ladder is level and firmly placed on the ground. Use the Four-to-One rule for proper positioning: For every 4 feet of rise, the base of the ladder should be 1 foot away from the object it is resting against.
- Secure the top of the ladder to the tree, so it allows access above the branch being cut. Allow for any upward movement of the branch once it is cut.
- Never stand on the top three rungs of an extension or straight ladder.
- Always face the ladder and hold on to the side rails with both hands when going up or down.
- Use a safety rope to raise and lower tools.
- Keep your body centered between the rails of the ladder while working.
- Never use a ladder in a strong wind.
- Consider using a body harness. ❖



Continued from page 1

Even the Best-Laid Plan May Need Updating as Life Changes

It can be beneficial to make an outline of what your present monetary obligations and needs are, and a prediction of what those needs and obligations will be in five, 10, 15 and 20-plus years down the road.

Don't forget future obligations, such as a child's college tuition, in your calculation so that you have the most accurate estimate on how much coverage you should purchase.

By combining this information with your total household income, you can determine the best amount of life coverage.

Be prepared

Financial solvency for young families can be ensured with a life insurance plan.

However, even the best-laid plan may no longer be viable in the event of a major life change.

So, part of being prepared also includes periodically re-evaluating your life insurance coverage.

Please call us if you need help deciding the type and amount of life insurance to take out, or in re-examining your coverage. ❖

The Insurance Gaps While Driving for Uber, DoorDash

TO MAKE ends meet, or to build up their nest eggs, many people have turned to moonlighting driving for ride-hailing app Uber or delivery apps like DoorDash or Instacart.

The money can be good, but it's important to understand the insurance implications of using your own vehicle to shuttle passengers or food to earn income.

Uber, Uber Eats and DoorDash carry their own insurance that will cover drivers for damage they cause to a third party's property, or injuries to passengers or other individuals. But other companies' coverage varies and puts the insurance responsibility on the drivers.

Ride and food delivery apps that do offer insurance have policies that are specific about the times during which they will cover passengers or drivers. Many companies will cover you from the time you've accepted a job to the time the food is delivered, or the passengers reach their destination and exit the vehicle.

For all those times you are not covered, you would likely not be able to count on your personal auto policy to cover an accident for which you are found at fault.

The coverage gap

Most insurers use the standard personal auto insurance policy created by the Insurance Services Office, which excludes coverage if the vehicle is used for business purposes, including accepting passengers and making deliveries for income.

Policies preclude coverage for any liability, medical payments and physical damage arising from this type of activity. Even insurers that don't use the ISO forms and instead have their own will typically exclude coverage for business purposes.

This creates a coverage gap. If you drive for an app that requires your insurance to cover damages of an accident, they would likely decline the claim, leaving you paying out of pocket. As well, if their insurance limits are insufficient, you'd be left holding the bag, which could be a hefty tab in case of a destructive accident.

Apps and insurance

DoorDash – Up to $1 million in bodily injury or property damage in "active delivery" mode. During waiting periods, up to $100,000 for third party bodily injuries and $25,000 for property damage.

It will not cover damage to your car.

GrubHub – GrubHub doesn't offer insurance coverage. You must have your own insurance that meets your state's minimum liability standards.

Instacart – Instacart does not offer insurance for its drivers. You're responsible for having your own personal or commercial liability car insurance that meets your state's requirements.

Uber and UberEats – Insurance that covers at least $1 million for property damage and injuries to riders and third parties.

Insurance that covers the cost to repair your car, up to the actual cash value, with a $2,500 deductible, contingent on your personal insurance including comprehensive and collision coverage.

The takeaway

As you can see from the above examples, insurance issues are largely your responsibility with some apps. Your personal auto policy will not provide coverage, meaning you would be on the hook for any damage or injuries you cause while driving for them.

While some apps provide coverage, the limits may be far below real-world costs, particularly if someone is injured or if you damage a luxury car. For example, a property damage limit of $25,000 would not be enough if you total a BMW 7 series sedan.

If you are planning to drive for one of these apps or already are, you should call us and ask about your options to avoid the coverage gap or lack of coverage.

It's recommended that you secure additional coverage by purchasing rideshare or delivery service insurance either as a stand-alone policy or a rider on your current policy. This may provide a coverage for the gap you face when driving for one of these companies.

You should also exceed Virginia's liability coverage limits on your personal plan, as they are woefully low. ❖

Whose Insurance Covers a Friend Using Your Car?

ONE AFTERNOON your friend calls you up and asks: “Dude, can I borrow your car for a few hours today? Mine’s in the shop.”

You don’t think much about it and hand over your keys. But what do you do if your friend has an accident? Will your insurance cover the damage, or does theirs? Though policies will vary, the general rule is that anyone living in your house is typically covered when driving your car, unless expressly excluded on the policy.

In many cases, every driver in the same household is actually required to be included on the vehicle’s insurance policy.

For those friends or family members who don’t live with you but use your car every once in a while, you can typically loan them your vehicle and not worry that they’ll be covered. Permissive use generally applies in these cases. This means that if you give another driver permission to take your car, they will be covered by your insurance.

But, it’s not that simple if your friend causes damage that exceeds your policy limits.

In general, the vehicle owner’s policy is primary and pays first in the event of a loss. If your owner’s policy does not cover the loss or provide enough insurance to fully cover it, the borrower’s policy will apply.

For example, assume that your policy has a bodily insurance limit of $250,000 for injuries to one person, and your friend’s policy has a limit of $100,000. Your friend borrows your car and has an accident three blocks from your home, and severely injures the driver of the other vehicle.

The medical bills alone are $300,000. Your policy will pay first up to the $250,000 limit, after which your friend’s insurance will kick in to pay the rest.

Deductible

Your insurance will also be primary for damage to the car itself, but the borrower’s insurance can make up for a difference in deductible.

Suppose your friend has a $500 collision deductible on his car, and you have a $1,000 deductible.

The damage to your vehicle is $6,000, so your insurer will pay $5,000 for the repairs. Your friend’s insurance would pay you an additional $500 (your deductible, minus your friend’s).

Reasonable belief

One important part of all this is that anyone who borrows your car must have your permission in order for the insurance to cover them. The insurance company will cover your friend if he had a “reasonable belief” that he could use the car.

So, if you told your friend: “Steve, you can use my car whenever you need to,” and Steve did borrow it a few times before, that would mean that he had reasonable belief that he could use your car.

Permission must come from the vehicle’s owner, not from a member of the owner’s family. ❖

Before borrowing a car...

- Make certain that you have the owner’s permission.
- Make certain the owner has insurance.
- Check your own insurance to see if it will cover damages the owner’s policy doesn’t cover.