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Hilda was happy to find out she was adequately insured.

Mobile News Quarterly

WHAT DO DROPPING REAL ESTATE VALUES MEAN FOR INSURANCE?

Due to the economic slowdown, real estate values in many places in the country have dropped. As a result, some of our clients have asked whether they should reduce their property insurance limits to mirror the drop. The answer is, "it depends."

If you have replacement cost coverage on your buildings, signs, contents, etc., you probably should not lower your property insurance limits. In 2008, despite the economic issues faced by the country, costs to rebuild actually increased according to the Insurance Services Office. Because replacement costs are primarily driven by estimated rebuilding costs, it's important to leave the insured value either where it is or increase it to today's actual replacement cost. During the storms of 2008, we found many more of our clients to be underinsured, than overinsured.

If you have actual cash value coverage on your buildings, signs, contents, etc., you may want to consider lower your insured values. Actual cash value coverage covers the depreciated cost of your property. One more year of depreciation on top of a time of deflated values may mean that lowering insurance limits make sense.

As a general rule, you should carry replacement cost coverage when...

- You have a building newer than 20 years
- You want/need to rebuild or repair the building if it is damaged
- Your lender demands replacement cost coverage – most lenders do

You should consider actual cash value coverage when...

- You have a building older than 20 years
- You do not want/need to rebuild it if it is damaged
- If there are no interest holders such as minority partners or lenders who demand replacement cost coverage

WORKERS COMPENSATION INSURANCE AND HUSBAND / WIFE PARK MANAGEMENT TEAMS

Recently, one of our insureds advised us that they hired a husband and wife to manage their community. However, at the couple's request, the community paid all the couple's joint salary exclusively to the wife. When we found out about this, we advised the insured that paying them this way is a bad idea.

Workers compensation insurance pays for lost wages and medical expenses associated with on-the-job injuries suffered by employees. Employees are defined as those receiving wages. Thus, if the husband wasn't receiving wages and was hurt while working for the park, the workers compensation insurance carrier can reasonably deny the claim. Therefore, we recommended that the community owners pay the husband at least part of the compensation so that the workers compensation insurance policy would cover him, too. Workers compensation costs are driven much more by total payroll than by number of employees. The insurance premium effects of this change were minimal.



Mobile President Kurt Kelley shown here protecting his clients from dangerous risks.

Having your park tenants carry Homeowners insurance is a great idea. It helps you retain their tenancy when their home is damaged or destroyed, saves you from getting stuck with clean-up costs, and insulates you from tenant created liabilities. Call and we'll show you how we can manage all this for you,...and make you money!

We Insure The Factory Built Housing Industry

INSURANCE CLAIM CORNER

Recently, one of our manufactured home retailers sold a home and hired a contractor to transport and install the home on the home-buyer's property. The home buyer wanted his new manufactured home set where his current site built house sat. The contractor was hired to move the site built house to another location on his property. He hadn't moved the home 100' when it began to crumble. Eventually, the house caved in. The site-built home owner is now demanding compensation from the retailer for the value of the damaged site built home . . .



"The site built house after being moved"



"Nice start, Mr. Retailer"

The retailer did three smart things prior to the home being damaged. First, he had the contractor provide him with a Certificate of Insurance proving the contractor carried general liability insurance. Second, he had the contractor sign a written performance agreement that required the contractor to defend and indemnify him in the event the contractor's work caused a problem for which the retailer was sued. And third, the retailer carried his own general liability insurance . . .

The retailer would be in an even better position if he'd done three other things. First, if he would have demanded the contractor inspect the frame home prior to moving it to determine if it was movable, he might have avoided the problem. Second, he should have used Mobile's "Transporter Installer Performance Agreement" (found at www.MobileAgency.com under the Forms section). It includes more contractual language that would have put him in a stronger position. And third, he should have demanded that the contractor name him as an "additional insured" on the contractor's insurance policies. That would have given him direct access to defense and indemnification from the contractor's insurance company.



"Carefully screen your contractors to make sure they are licensed, insured and have a reputation for professional work"



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& Purvis Commercial

INSURANCE QUESTION FOR THE EXPERT

Question

I just evicted a tenant for non-payment of rent. Now, they are threatening to sue me for racial discrimination. Will my general liability insurance cover me for this if they sue me?

Answer

No. It won't. General Liability coverage excludes intentional acts and discrimination is legally defined as intentional. To get coverage for racial, religious, sexual, etc. discrimination claims by tenants, you need to purchase Employment Practices Liability with 3rd Party Coverage. Claims for this type of claim are on the rise.

Karie Martin, Sr. Account Manager



"Sr. Acct Manager, Karie Martin at Super Bowl XXXV (not really, it's Shania Twain, but Karie is talented too)"

Mobile also offers great insurance rates for:

- Site-Built Rental Homes
- Apartments
- Self-Storage Facilities



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