



### A Message from Dennis

It's a new year, full of challenges and new opportunities. The new year is also a good time to review a few things, too.

As I always do at our January staff meeting, I remind everyone that this year our insurance carriers will be paying millions of dollars in claims. We just, at this moment, don't know to whom. That is why we have to work to encourage our customers to protect themselves financially with good coverage every time. And to always remind them that "the best insurance is PREVENTION."

I often like to say it's all fun and games until someone gets hurt . . . or calls his or her lawyer. By then, it is usually too late. Insurance coverage is not retroactive.

Please be safe this year. Pay attention while driving, be patient when making left hand turns, keep a safe distance between you and other vehicles, and be aware of distractions.

As I always tell my kids, "Almost everything is optional, except safety."

Be safe and have a joyous, happy, healthy, safe, and wonderful 2017!

~ Dennis

### True or False? Does Homeowners Insurance Cover Theft Outside the Home?

If you said false, that's okay. Not many people know that in many cases, their homeowner's policy is a catch-all insurance policy for incidents that occur outside their home, including theft.

Many personal property losses due to theft outside your home may be covered by off-premises coverage, which is included standard in many policies. (And if it is not included in your policy, an off-premises rider to your coverage can be added for a small extra charge.)

Your homeowners insurance policy provides coverage for your items while you are traveling too, covering you in the event of lost luggage, items stolen from your hotel room, and loss of any personal possessions you ship back home during your travels.



So if you are planning to travel, make certain that your homeowners insurance policy coverage protects all the valuable items that you bring along on the trip.

By the way, did you know that if your children are college students, your homeowner's policy may even extend to losses from theft they suffer? That's right! Many policies include off-premises coverage that extends to the homeowner's children who are students and live in the dorm. So property stolen from a dorm room, or when they're studying, such as a laptop stolen while they were at the library, may be covered. (Any homework stored on the stolen laptop won't be covered. It is, however, a better excuse than the old "dog ate my homework"!)

(Sources: <http://homeguides.sfgate.com/homeowners-insurance-cover-theft-outside-home-53333.html>; <https://insurance.freeadvice.com/information/home/article/290>)

## AirBnB: Questions You Should Ask Before You Rent Out Your Home

A lot of events happen in our area: The Brimfield Antiques and Collectibles Show, the Patriots in the play-offs, college graduations (20+ in Central MA within a 30-mile radius). All these events are tempting times to make a little extra cash by renting out your home on sites like AirBnB. But do you know the risks and liabilities? Do you know exactly what your homeowners policy covers?

If you rent out your home for a one-time event, you may be covered, according to the Insurance Information Institute (III), but different insurers have different requirements. Some may require advance notice; others might want you to purchase an endorsement (an add-on) to your homeowners policy to provide broader coverage for the renter. (III)

Or, if you're planning to rent your home for short periods on an ongoing basis, (e.g., all three Brimfield show weeks) some insurers may consider that a "business" and require you to purchase business insurance. (III) And, if you're planning to rent your home for a longer period of time, say six months, you will likely need a landlord policy. (III)

Now, let's talk personal property . . . of a paying guest, that is. Is their personal property covered by your homeowners insurance policy?

Most likely not. The property of a paying guest would not be covered by a typical homeowners policy. If something, such as a fire, occurs while the paying guest is staying in your home, their own renters or homeowners policy may cover the loss of their personal property.

And what about your personal property? What if a paying guest steals your property during their stay?

Sorry, but you likely won't be covered by your homeowners insurance either. There are typically exceptions on a homeowners policy for theft that takes place in the part of a residence being rented to a paying guest.

Oh boy...what if my guest injures somebody or causes damage to a neighbor's property? Does my homeowners insurance cover that?

(Cringe) Most likely not. While the liability coverage of your homeowners policy typically does protect you from financial loss if you're legally obligated to pay for another person's injuries or for damage *you* do to their property; it will typically not extend to a guest.

If your paying guest was responsible for another person's injury or property damage, they would need to look to their own renters or homeowners policy for liability coverage.

Okay, but what if my guest damages my own property? Surely now I would be covered.

Don't hate me, please, but your policy most likely won't cover these types of damages, either. Your homeowners insurance won't likely consider a broken television, for example, a "named peril."\* (\*Learn more in the Jargon Buster below.) And to add salt to this wound, most homeowners / renters policies exclude property damage to a rental property.

So what precautions should you take before renting out your home, even for one day? First and foremost, **call us**. We will help you to understand what your existing homeowners policy may or may not cover, what exclusions might apply, and if an endorsement is necessary.

We recommend, too, that you do your due diligence. "Do a thorough interview of anyone before giving them access to your home. Most home sharing sites offer a screening service that gives you an overview of a candidate's background, but you likely want to go further, asking for identification, doing reference checks, asking for deposits (much like you would do when taking on a rental tenant as a landlord). You might also require any paying guests to have their own homeowners or renters insurance policy; check to see what their policy covers (liability, for instance) and consider whether their insurance is extensive enough to help you avoid any undue risk." (nolo.com)

(Sources: <https://www.airbnb.com>;  
<http://www.nolo.com/legal-encyclopedia/insurance-questions-when-renting-out-your-home-short-term.html>;  
<http://www.iii.org/article/what-type-of-insurance-do-i-need-if-im-renting-out-my-home>

## Yes, Condo Insurance Is Cheaper Than Homeowners, and Here's Why

Condo and townhouse insurance rates are typically much lower than rates for homeowners insurance for single-family dwellings. This is because the condo association's master policy usually covers the external areas, i.e., damages to the building itself, including outdoor and common areas. Condo insurance policies typically cover what the condo association's master policy does not cover. Types of condo association master policy are:

- **An "all-in" condo master policy:** Also known as a "single-unit" master policy, this type of policy covers the fixtures in your condo such as the appliances, wiring, plumbing, and carpets, but does not cover personal property that you own.
- **A "bare walls-in" condo master policy:** This policy does not cover anything contained within your walls. It may or may not cover your condo's plumbing and electrical systems. Be sure to carefully review the association's master policy to determine what your condo insurance policy needs to cover.

In addition to covering your belongings in the event of a loss, your condo insurance also protects you against liability claims if you are responsible for another person's injury or property damage, or you have legal fees to pay due to a lawsuit.

In the event of a covered loss, such as a burglary or fire, you will need to file a claim with your insurance company, and/or the condo association's insurance company. For example, if your condominium was burglarized, most likely you will simply file a claim with your insurance company.

However, if the burglary involved breaking and entering that destroyed an external doorway, or if the external security experienced a failure that made the burglary possible, the claim may involve both your insurance company and the condo association policy.

Your condominium insurance will cover theft or burglary if your policy includes personal property coverage. Depending on the details of your policy, you may even be covered for items that are stolen from your car.

Ensure that all of your items are covered against theft or damage by taking a full inventory of your personal possessions and estimate their value. You may be surprised to find out how much you have that is worth protecting. Be sure to compare the amount of coverage you have against your inventory to determine whether you have enough insurance. By taking an inventory of your items you also create a record of what you own, so that in the event of a loss you are well prepared to file a claim.

(Source: <https://www.trustedchoice.com/condo-insurance/coverage-faq/>)

## Home Insurance Jargon Buster

Our industry is ripe with jargon. Here are some definitions to help you better understand your policy.

**Named Peril** — A property insurance term referring to policies that provide coverage only for loss caused by the *perils* specifically listed as covered.

**Rental Property:** Buildings (or any part of a building) away from your premises, rented or available for rent, are not insured under your homeowners policy, except buildings rented solely as private garages. Furnishings of rental property are not covered either.

**Injury to Others:** You are insured under your policy's *personal liability* section for bodily injuries you or residents of your household or your pets accidentally cause to others. This coverage applies on or off your premises, anywhere in the world—provided you are legally liable for the injury and resulting loss.

**Power Failure:** If a power failure occurs *on* your premises, any resulting damage to your property is covered. If a loss is caused by a power failure *off* your premises, the loss is not covered. For example, if a storm knocks out power from your local electric company and your freezer-full of filet mignon is endangered, better have an immediate barbecue feast.

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