



KOURI INSURANCE

Coverage. Value. Commitment.

Automobile Recreational Vehicles Home Life Health Medicare Supplement Business

Fall 2006

News & Views

This newsletter is designed to provide useful information and helpful tips to enhance our customers' insurance value.

We pledge to treat you the right way; emphasizing Coverage, Value and Commitment. Your Trusted Choice since 1970.

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The Pitfalls of Buying Vehicles with Salvage Titles or Damage Disclosures.



Over the last few years, we have seen a growing trend that has created some angst for our customers. As the cost of vehicles has increased, so has the attractiveness of purchasing a vehicle with a salvage title or damage disclosure. Very often a quality body shop can repair the damages to the extent that you would not notice that the vehicle has ever been in a wreck. Basically, you purchase a great looking car at a lower price than a comparable vehicle with a clean title.

Sounds good, except that you need to be aware that the insurance company will also take the status of the title into consideration at the time of a loss. Where this will come into play is when you have damage serious enough to total the vehicle. When deciding whether to total the car, the judgment will be made based on the value with the salvage title. The value of a clean title vehicle is not the determiner of whether or not to total. The lower price you paid when you bought the car will also come into play when the company is determining a settlement for the car. This is just the same as if you were selling it on the open market.

We have seen this generate dispute as the vehicle owner was not taking the lower value of a salvage title into consideration when they purchased the vehicle. Basically, the assumption was that the vehicle would be valued and settled as though it had a clean title. It stands to reason that the vehicle you purchased at a reduced price would also be valued at a reduced rate at the time of loss. This is not unique to the insurance industry as this principle also holds true if you were to sell it to another party.

To sum it up, enjoy the savings you gained, but be aware that the lowered value will come into play if the vehicle is totaled. Please feel free to call our office if you have any questions.

For 24 hr Service Requests, Please Visit Our Web Site: www.kouriinsurance.com

Medicare Premiums and Deductible Information for 2007

Just a Medicare FYI for those approaching 65.



Starting in 2007, for the first time ever Medicare will charge seniors for Medicare Part B **based on their income**. This is a result of the 2003 Medicare Modernization Act. Even though only about 4% of seniors will have high enough incomes that will require them to pay more, this was a widely debated change because as you know, the taxes taken out of our paychecks to support Medicare are also income based. Therefore, this 4% of seniors have already paid more into Medicare, and now when they retire they will have to pay more to get the benefit. On the other hand, Medicare continues to go broke so this is just one band-aid the government is using to make the program float a few more years.

Medicare no longer sends letters to beneficiaries turning 65 reminding them to sign up for Medicare (actually, the SSA sends out these letters). This exacerbates the already existing problem where seniors don't sign up for Medicare when they're eligible and then their group coverage "carves out" their Medicare benefits. This SSA operational change may result in more seniors failing to enroll in Medicare when first eligible and hence missing their once in a lifetime initial enrollment period.

This change is due to the fact that social security benefits are no longer being paid on the 65th birthday - The retirement age for Social Security is increasing to age 67, however the Medicare eligibility age is still 65. Whether or not the beneficiary gets a "reminder" letter (i.e. is automatically enrolled in Medicare Part B) depends on whether the beneficiary already receives benefits from SSA.

If you are not getting social security benefits:

If you are not getting Social Security benefits, you can apply for retirement benefits and Medicare online. If you would like to file for Medicare only, you can apply by calling 1-800-772-1213.

Strange Insurance Stuff

If you live within a mile of a church, you're far less likely to have a car accident than drivers who live more than a mile from a church. But if you live within one mile of a restaurant, you face a significantly greater risk of an accident than most other drivers.

Those are among the key findings of a study recently released by a leading predictive analytics company -- Quality Planning Corporation.

Thank You For Your Referrals!

Thank you very much for the generosity of your referrals. Since our last newsletter, we have saved a number of your friends and family hundreds of dollars on their insurance costs.

Our companies are very competitive on both product and price, and I am confident that we can save those you refer to us at least 10%-20% off their current insurance rate. This is done using excellent companies and tailoring their coverage to fit their needs.

Committed to the Community

As a Sioux Falls based, family owned agency, we feel a special importance to supporting the welfare of our area. We are proud to support the following organizations:

- Help!Line Center
- Junior Achievement
- Augustana Softball
- Sioux Empire Junior Golf
- Red Cross
- United Way
- St. Francis House
- SF Catholic School System
- Spirit of America
- Summer Jam at Great Bear
- Sioux Falls Food Bank
- SD Vietnam Memorial
- SD Children's Home Society
- American Legion Baseball
- Family to Family

Ask Your Agent: Answers to common questions.

Q. I am driving a delivery vehicle for work, does my policy cover this?

A. The personal auto policy is not designed, or priced, to provide coverage for a business exposure such as delivery. Every policy that we are aware of will specifically exclude coverage for the use of a vehicle for delivery of goods for a fee. This includes both the liability provided to others and the physical damage provided for your car. The solution? Not really any for insurance. The owner of the business should have a policy that covers them, but it will not extend to your liability or physical damage needs. While the business would be protected, their policy would not cover you as an individual. This leaves you open to a direct lawsuit that your insurance would likely decline to provide defense. It is important to be aware of the insurance limitations of these jobs, and the risks they bring.



Q. My child is of driving age, when should they go onto their own policy?

A. For insurance purposes, your child should remain on your auto policy as long as they are in your household and drive a vehicle with your name on the title. It is important to note that as long as your child is in your household, you have the potential to be brought into a lawsuit that arises from their actions. If they are on your policy, then you have the full protection of your liability limits and umbrella, if applicable. But, if they are on their own policy, you have no protection individually if this suit occurs. The coverage available will be from your child's policy and apply to your child only. This leaves a huge coverage gap and exposure for your assets. The best course of action is to leave your children on your policy for as long as they are in your household. This provides you with a better price and more thorough coverage. If your child's driving record makes this impractical, then it is important that they purchase the highest limits of coverage that they can afford to increase the chances that their liability limits will be adequate for the claim. Please feel free to call our office if you would like to discuss this in more detail.

Agency News

We are pleased to announce that Judie Tiefenthaler has joined our agency. Judie is the voice on the phone, and the first face you see when you visit our office. In addition to handling phone duties, she will be assisting the staff in a variety of different ways. We expect this will free up some resources to provide even better service to our customers.

At the same time we are pleased to announce Judie, we say goodbye to Holly. Holly's husband had a too good to pass up opportunity in Watertown, so they have been busy moving and preparing for this new adventure. We wish them the best of luck.

Have you heard? **We are building** a new location with an expected move in date of February 2007. Excitement is pretty high as it will be a much more efficient and practical office for us. While we have greatly enjoyed our current location, growth has required that we move to a larger facility. Though we have been in several different locations over the last 36 years, Kouri Insurance has always been on Minnesota Ave. Must be a good fit! We will be sending more information as we get closer to the move and the date becomes more exact.

Bryan has been appointed to the Agents Advisory Council for Drive Insurance by Progressive. Bryan is one of only 16 agents to receive this invitation and will serve a two year term. Drive has over 30,000 agents, so we are quite honored to be chosen.

How Amendment E Makes You Vulnerable and Creates Chaos

Generally, I would not involve politics in our newsletter, but this amendment will have such a chilling effect on the insurance industry, that I feel an exception is in order. The following information is taken from: www.no-on-e.com. Please join us in voting No on E.

By dissolving judicial immunity, Amendment E makes hundreds, if not thousands, of South Dakotans who serve their communities personally vulnerable to lawsuits by disgruntled criminals and others who don't like them or their decisions. The amendment strips judges and ordinary people of the protections that help them make impartial, objective - and sometimes unpopular - decisions. In other words, it gives people with a grudge a weapon to come after decision-makers they're unhappy with.

It's About Much More Than Judges

The Amendment's definition of judges includes citizen boards and other bodies protected by judicial immunity, such as the following:

- school boards township boards the parole board
- water boards medical boards zoning boards
- mental health boards professional licensing boards city commissioners
- county commissioners more

Worst of all, under Amendment E, almost all our families, neighbors and friends would be vulnerable if called to jury duty: they could be sued by disgruntled litigants and criminal defendants they convict.

It also puts a chilling effect on citizens whose duty it is to protect the most vulnerable in our community: **our children**. Health care professionals often report to law enforcement authorities suspected cases of child abuse they may witness in a hospital or clinic setting. For the safety of children, that is a difficult but essential duty - so critical that the law affords those doctors and nurses immunity so they can't be sued by a vulnerable child's angry relative or perhaps the even the abuser himself. The same immunity applies to health care providers for reporting the abuse of the elderly. Amendment E would remove that protection and create a tragic disincentive for people in our medical community to report suspected abuse or children or seniors. And what happens in a state where people who serve on a citizen board are vulnerable to lawsuits by convicts? The citizen boards will grind to a halt - and South Dakotans will lose the services that help make their communities safe and productive.

"Each month, the Board of Pardons and Paroles conducts as much as 300 discretionary hearings," explains Mark Marshall, who has served for years on the Board of Pardons and Paroles. "Those hearings involve South Dakotans who have been convicted of minor crimes... but many of them involve crimes like rape, murder, child molestation. If Amendment E passes, I don't know any board member who would be willing to remain on the board and expose their assets, their livelihood, their life's work to lawsuits by disappointed felons who shouldn't be on the street but think they ought to."

Constitutional Rights At Risk

The Amendment will further hurt South Dakotans by jeopardizing everyone's Constitutional rights and creating a chaotic economic future through an instable judicial system. The Amendment creates a "Special Grand Jury" and empowers it to rule on both the facts and the law. This means it would have the **power to reject, amend, ignore or supersede our constitutional rights, common law and case law**, no matter what our Legislature tries to do about.

Financial Chaos

If the Special Grand Jury can play fast and loose with the laws of South Dakota, the reliability, predictability and security of the legal system goes out the window. And that will create chaos for those who can't tolerate it: financial institutions and businesses. Banks would have an immediate disincentive to lend money to businesses, home buyers, car buyers, students and more. Amendment E would strip away virtually all security banks require to safely make loans.

Cascading Lawsuits

Amendment E opens the door for endless litigation by disgruntled plaintiffs, or what some legal experts refer to a "Cascading Lawsuit" effect. It gives criminals and others literally scores of new ways to avoid the consequences of the normal mechanism of justice. But that may be part of the authors' intentions.

Most Katrina Home & Auto Claims Have Been Settled.

Majority of policyholders are satisfied with their company.

One year after Hurricane Katrina, nearly 95% of homeowners' insurance claims have been settled in Louisiana and Mississippi, according to the Insurance Information Institute. Insurance companies have paid billions in storm damages and the vast majority of homeowners in both states say they are satisfied with their insurance company, the I.I.I. reported. The I.I.I. estimates that more than 993,000 homeowners insurance claims have been settled in the two states, totaling nearly \$15.5 billion. Homeowners' insurers ultimately will pay more than one million homeowners claims totaling \$16.4 billion from Hurricane Katrina, I.I.I. said.



In Louisiana, insurers have settled 658,700 homeowners claims or 94.8 percent of expected homeowners' claims from Hurricane Katrina, totaling \$10.3 billion, reported the I.I.I. In Mississippi, 334,800 or 94.3 percent of expected homeowners' claims, totaling \$5.2 billion, have been settled. Some 99 percent of 305,000 claims from damaged vehicles totaling \$2 billion have been settled in both states—with the policyholder and the insurance company agreeing on the extent of the covered damages and the likely cost to repair.

A new poll conducted by Ipsos Public Affairs also found 89 percent of homeowners in Louisiana and 93 percent of homeowners in Mississippi are satisfied with their insurance company. "The billions of dollars in claims settlements are playing a key role in the recovery of the Gulf Coast," said Robert Hartwig, executive vice president and chief economist of the I.I.I.

The I.I.I. estimates that fewer than 2 percent of homeowners claims in both Mississippi and Louisiana are in dispute, either through mediation or litigation. More than 80 percent of mediation claims have been resolved in Mississippi and 77 percent in Louisiana. "Despite the attention focused on lawsuits seeking payment for flood damage under homeowners policies where no coverage exists, the number of claims in litigation accounts for a very small percentage of the total number of claims filed," said Mr. Hartwig.

Source: Nu Online New Service, Aug. 23

With all the media focus on the problems of Katrina and how the insurance industry performed, I though you might like to see more of the overall picture. Could the industry have done better? Certainly. No one planned for an event of this magnitude and all facets of the recovery, from local to the national government and businesses large and small, were overwhelmed. The insurance industry though has made a number of adjustments to put themselves in a position to respond faster and more thoroughly than we saw with Katrina. Was there a problem with coverage? Tough answer, but it is my opinion that the problems were due to several factors. One being a sense of complacency that kept many from purchasing flood coverage even while they were aware that flood was not covered under the home policy and that they lived in perhaps the greatest flood zone in the country. The second being a failure of all parties to recognize the magnitude of the problems that would ensue and the resources needed to meet the challenge. Lastly, the National Flood Insurance Plans failure to keep up to date with the risks faced. This government program is designed to pay for flood catastrophes, yet had less than \$3 billion in reserves. To cover its losses, it has borrowed over \$20 billion of taxpayer money to pay for the losses it owes. This program actually encourages building in flood prone areas as it does little to restrict or mitigate the appeal of building dwellings that will almost certainly face a flood loss. Low risk parts of our country greatly subsidize high risk areas to keep their premiums affordable. Insurance agents have been pushing for years to update this program and correct its faults. We are hopeful we will finally see some much needed changes enacted.



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Life Health Auto Home Commercial

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Where your health dollars go

Among the newly reported health care data compiled by the Institute for Health and Socio-Economic Policy:

-- Drug companies: The world's 13 largest alone recorded \$62 billion in profits in 2004.

-- HMOs: The 20 largest in the U.S. made \$10.8 billion in profits in the most recent fiscal year.

-- Hospitals: Aggregate profits for U.S. hospitals reached a record \$26.3 billion in 2004 -- and profits have risen substantially the past few years even as the number of hospitals and hospital beds has been shrinking.

-- Executive compensation: 12 top HMO executives pocketed \$222.6 million in direct compensation in the most recent fiscal year. The top 12 drug company executives collected \$192.7 million for the same period.

-- Mergers: \$1.15 trillion has been consumed by pharmaceutical, hospital, HMO, medical device, and biotech corporate mergers and acquisitions in the past 12 years.

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Thank You For Your Business! We'd love it if you referred a friend.