

# Newsletter 2017

We hope that this annual letter will point out some concerns about insurance coverage and trends in the industry that you may be interested in.

## **Paid Family Leave Begins Jan 2018**

What is Paid Family Leave? Paid Family Leave (PFL) becomes a mandatory benefit in New York, providing you with job protection and paid time “off”. What qualifies?

- To provide care for a family member with a severe health condition. The common cold or taking off for general doctor visits **don't qualify**. The person you care for must have a “serious” health condition
- To cope with a military, you can take paid leave to attend to family matters if your family member (spouse, domestic partner, child or parent) is on **active duty** or has been **notified of an impending call** or to active duty.
- To bond with a child after birth, adoption, or to welcome a child into foster care. You can use paid family leave benefits during the **first 12 months** after your baby's birth (including 2017 births), adoption, or foster placement- and **yes, dads can go out on paid leave, too!** You may take paid leave even for events leading up to adoption, such as travel to another country to complete an adoption.

### ***Are you eligible for paid Family Leave?***

Your employer will provide PFL coverage. General rule of thumb: if you have DBL (NY's statutory disability insurance) now, you will automatically get PFL starting next year. That's usually the case if you work in a private sector business in NY (with a least one employee) and don't fall into an excluded class of employees. If you're not sure, check with your employer to find out if the place you work at is considered a “Covered Employer”

### ***Then here's what it takes to be eligible to go out on paid leave***

You must make it through what's called a “qualification period”

- If you work 20 or more hours per week, you must have been employed at least 26 consecutive weeks at your current employer
- If you work less than 20 hours a week, you must have completed at least 175 work days at your current employer
- If you change jobs, your time worked at the previous employer does not count. In other words, you start over with a new qualification period
- Time out on DBL (statutory disability insurance) does not count towards your qualification period

### **How is it paid for?**

You pay for it. The cost varies based on your salary. A percentage of your weekly wage with a maximum contribution of \$1.65 per week in 2018, regardless of gender, age, or other factors. Sole proprietors, partnership, and members of an LLC/LLP (or any other self-employed people with employees) are excluded. However, they can obtain voluntary coverage for themselves effective January 1, 2018, or within 26 weeks of forming this type of businesses or becoming a member of an LLC/LLP. They still must provide coverage for their employees. They must be endorsed onto the policy. They are, however, subject to a 2-year waiting period for PFL benefits, during which the regular community rate for PFL must be paid (as opposed the proposed additional option for a higher rate in exchange for immediate coverage). Any employees of a Sole Proprietor or LLC/LLP would not be subject to the 2-year waiting period. The ability to opt in for voluntary PFL coverage as a Sole Proprietor or member of an LLC/LLP (or any other self-employed person) require them to have at least 1 employee.

## **Universal truths**

1] Everybody is in a flood zone. Some areas are at higher risk which the federal government specifies and which carry higher premiums. If you live in a place that has rain, you can have a flood and should consider flood insurance. It's available for as little as \$244.00 a year if you are not in the higher federal rate zone.

2] If you have a claim and want to be paid you must let the adjuster see the damage first. Every policy has wording that requires you to permit the company to inspect the property to prove the damage. Completely repairing damage and getting rid of the debris before the adjuster sees it usually causes a claim to be denied.

## **Why do contractors charge so much more in New York State?**

New York is the only state that has an ancient law, over 100 years old, which makes the owner or general contractor **absolutely liable** for some workers injuries, such as falling on the job site. Even if the injured employee is at fault i.e. a liquid lunch and falls off the roof, the contractor and owner are 100 percent responsible. Because of this, owners and general contractors must pay higher premiums and also ensure that subcontractors not only have their own insurance but their policies are extended to cover the owner and general contractor as additional insureds. This simply allows more pockets to exist to pay these claims. The injured worker and his lawyer have a choice of suing or collecting under workers compensation. They get to keep whatever gives a better return and that drives up everyone's insurance costs. New York rates are up to 3 times higher than New Jersey and 9 times higher than Pennsylvania. Every other state in the union says the worker can only collect under workers compensation. Period. New York State law [the scaffolding law] still allows the option of suing. Because the owner or general contractor is 100% absolutely liable it is an absolute "win" for the lawyer. For some reason our legislature in Albany, perhaps because it is comprised heavily of lawyers, doesn't want to remove this law from the books

## **New homes are more dangerous than older ones**

Newer homes are constructed and furnished much differently than in the past. They burn up to 8 times faster. The heat intensity of a fire causing an entire room to be engulfed in flames (called the flashover) can now occur in less than 5 minutes after a fire starts. It used to take up to 30 minutes. You have far less time to react. Firefighters responding need to get there quicker as well. Today's building materials consist of many more man-made materials. They are less expensive but they also frequently contain highly flammable petroleum products which burn much more quickly. Many of the furnishings of your home today are made of synthetics with plastic or foam which burn as quickly as gasoline and produce a thick toxic smoke. Larger homes hold more contents adding to the fuel load. Windows which limit the amount of oxygen available to feed the fire have thinner panes, that fail is less than 5 minutes. Older windows typically failed after 14 minutes. Our best recommendation is to be sure to install smoke and carbon monoxide detectors especially near the sleeping areas. You may only have a few minutes to escape. You also should consider heat sensors in areas where fires frequently occur, the kitchen, garage, laundry room and areas with electrical and heating systems. We hope you take these suggestions to heart. We want you around for many years to be able to pay for your insurance!

## **Better hurricane warning with eight mini-satellites**

The \$157 million Cyclone Global Navigation Satellite System, or CYGNSS, should improve hurricane forecasting. The satellites have receivers to measure the surface roughness of oceans, enabling scientists to calculate wind speed and storm intensity. Unlike weather satellites already in orbit, these spacecraft can peer through rain swirling in a hurricane, all the way into the eye, or core.

While knowledge of a hurricane is good what can you do to prepare? All of the Long Island area is considered high risk for wind damage. The insurance industry has protected itself by adding very large deductibles for wind that puts the burden on you. How can you protect yourself? Take a hard look at trees around your property. If they come down on your building they can crush, or put a hole in it, allowing rain to come in. Remove smaller outdoor furniture which can go airborne into windows. Besides stocking up on food and water, what about saving refrigerated perishables? A really full refrigerator will hold its cold longer than one that only has a little. Consider stocking it with nonperishable liquids like water, filled milk containers and full juice containers. The liquid will hold the cold. You can do the same with your freezer. Don't forget the penny on the ice cubes. If the power goes off but then comes on after and refreezes, your food could be tainted. If your penny is not on the bottom of the tray when you return, you know that the food stayed refrigerated.

### **Water heater failure one of the top sources of water damage to homes**

Water heaters don't last forever. But with some basic maintenance and periodic checkups, they can last longer. If your tank's water heater is close to or older than seven years, it's important to check regularly for corrosion that can lead to a tank failure – and possibly a flood in your home.

The heater tank is a steel canister with a liner inside that protects the steel from contacting water. Over time, that liner breaks down. As that happens, sediment collects on the bottom of the tank. That sediment further corrodes the liner, as well as the heating elements inside a water heater, which in turn leads to failure of the liner and the tank.

Hard water, or water with high levels of minerals, speeds up this corrosive process. The hardness of the water directly influences the amount of sediment deposited and can also be more corrosive. Fortunately, most Long Island water is soft. You can help slow down corrosion by periodically draining a small bit of water from your tank. This removes some of the sediment that collects at the bottom. This can also increase the efficiency of your water heater. While you are checking, take a look at the hoses to your dishwasher and washing machine.

### **Check the anode rod**

Water heaters have a built-in rust protector: the anode rod. It's a long piece of metal-coated steel that attracts corrosive elements inside the water tank. It acts as an extra layer of defense because it breaks down instead of the steel tank. For that reason, the anode rod is the most important component inside your tank that will determine how long it lasts.

We recommend that a plumbing professional familiar with water heater tanks inspect the anode rod on an older tank and replace it if necessary.

### **We don't want you to Drone on without insurance**

Many people are buying drones. They need insurance. The obvious ones are physical damage to the drone itself and liability if the drone injures someone or damages property. There may be the need for personal injury protection and privacy intrusion coverage. If you are using it for business you need to have commercial aviation liability coverage. Call to discuss it with us.

But what about personal drones used as a hobby? Most homeowners insurance policies cover physical damage for a limited list of perils (fire, theft etc.), but exclude mechanical breakdown or operational failure. The HO3 homeowner form would cover physical damage to your drone if it struck another aircraft but we suspect the liability would be of much greater concern. Currently home owners exclude aircraft liability except for hobby or model aircraft. What is not covered are claims dealing with privacy. Before launching a drone with a camera be aware of this exclusion.

## Facebook Page Has a Media Exposure

Did your daily news this morning include turning the pages of an actual newspaper? Or did you just tap a few headlines on your smartphone while you drank your cup of coffee? Digital media continues to expand platforms for publishing beyond newspapers and magazines. Did you copy and paste an article and send it to a friend? That means you have a publisher's liability exposure.

Commercial businesses have a media exposure. There are grey areas today in the business arena where people don't necessarily believe themselves to be publishers, but because of the way they're using digital distribution, they're starting to look like a publisher. "All sorts of organizations advertise their services and programs, and most operate social media pages." If a consumer visits a company's Facebook page and notices content that represents a person or company they know in a negative light, or maybe they stumble upon false advertising, or a marketing campaign that uses a piece of music or video clip that belongs to a third party, the company could find themselves liable for personal injury or infringement type claims, based on trademark and other pieces of intellectual property. Publishing data from internet downloads without proper permission can involve copy right infringement which can be expensive to defend.

Most "publishers" should consider cyber and data privacy coverage as well, because many are tracking and gathering personal data on individuals. Data breaches continue to happen every day, making cyber liability insurance a new necessity.

Although the commercial general liability policy provides limited advertising injury or personal injury related exposures, it may not have adequate protection for issues like defamation or libel and does not apply to industries that operate primarily in the advertising space or online. Give us a call to discuss further. Home owners also need to remember what they "publish" in social media can cause problem. Parents should discuss this with their kids.

## Have you installed solar panels

Many homeowners and businesses are installing solar panels. How are they covered? If they are attached to the home they are covered as part of the building however you need to increase the building coverage to reflect the value of the panels. If instead of attaching them to the building you have a "solar farm" or the panels are not attached directly to the home, homeowners can cover them as "other structures" if they are permanently mounted. Give us a call to discuss.

## EPA Underground Storage Tank (UST) Regulations Compliance

UST pollution coverage is mandatory for commercial tanks. Do you home owners with buried oil tanks really think you won't get a similar requirement? UST regulations are intended to safeguard public health and safety. Obvious leaks in UST systems have the potential to contaminate groundwater, which is the source of drinking water for all of us on the island.

Congress began legislation regulating UST systems in 1984, and has since developed increasingly more comprehensive and robust regulations, with the most recent iteration established in 2015. There have been advances in preventative technology, including leak detection and secondary containment. NY State's EPA also has rules and restrictions which are steadily growing stricter. **If you have an older buried oil tank in your yard you should consider removing it, replacing it with an above ground or basement tank.** Pollution insurance is another alternative but it may not be available. Some companies won't write homeowner liability or exclude claims caused by a leaking underground tank.

## **Why do homeowner's carriers exclude certain dog breeds?**

If you're a dog lover, you probably look at your dog and think warm fuzzy thoughts. Your insurance company, on the other hand, probably sees danger signs.

This is especially true if the dog's breed happens to be prohibited under homeowner's insurance policies. Known by insurance companies as "aggressive dog list," "dangerous dogs list" or simply "bad dog list" this list of prohibited dogs consists of breeds that are widely considered to be a financial risk to insurers. According to the insurance information institute, claims related to injuries from dogs account for one-third of all homeowner liability dollars insurance companies pay out every year. In 2016, that figure was \$602 million from more than 18,000 claims—an average of \$33,000 per claim. That's a lot of money. Over the past 20 years there have been almost 300 human deaths.

This makes insurance companies wary of dogs that traditionally display a propensity for aggression, so homeowners whose dogs fall into that category will pay higher premiums in some cases. It may even be impossible to obtain coverage

In hopes of sparing you the awful decision of having to give away a member of your family or be unable to get insurance, please consider what type of dog you are going to adopt. A little puppy is so cute but some are prohibited or restricted by homeowner policies. The insurance industry analysts identify aggressive dog by breed. This listing shows those that are widely considered the greatest financial risk. This includes purebred and mixed breeds. Pit bulls, Rottweilers, Doberman, Presa Canario and Chow Chows. Owners of these dogs may feel it is unfair because dogs have different personalities. Unfortunately, many dogs don't show aggressive behavior until the day they attack. If you are pet shopping and don't want have some future problems with getting or keeping insurance, ask us for the current list of unacceptable dogs from your company before you purchase or rescue a dog.

## **In case you are running a business from your home**

All homeowner policies have exclusions pertaining to business activities. The definitions of "business" includes any type of trade or profession that takes place, full-time, part-time, or occasional basis. Coverage for volunteer activities and day care services for which no compensation is received are covered. Coverage for typical teenager jobs, such as newspaper delivery, babysitting and lawn care services are not excluded. In most cases, homeowner's insurance policies have a clear income cut-off of \$2,000. As long as someone has earned less than \$2,000 in the 12 months before the policy period what they are doing doesn't qualify as a "business" by definition. However, if \$2,000 or more was earned, then you need separate insurance.

Although homeowner policies cover your "business property" in the home it is usually limited of one or two-thousand-dollar value. Do you sell items on eBay or sell products such as Mary Kay? Do you operate a "business" from your garage or detached shed or out building? This voids the fire insurance on that building even though it's listed on your homeowners. If you have a business operation from home, please give us a call

We have very inexpensive commercial policies that will cover many of these business exposures covering business contents and business liability.

## **Getting sued?**

In today's litigious climate the sky is the limit. Million-dollar claims are not uncommon. Basic personal liability protection is provided by what is called a home owner policy. Many young people living in rented apartments don't realize there is a low-cost home owner tenant policy available to cover their belongings, which may not have high value. They take a chance and they don't realize that these policies also include liability coverage which protects against claims for significantly higher amounts.

Homeowners should also consider getting higher limits of protection by purchasing an umbrella policy which provides million-dollar levels of coverage above those given by their home, auto, and watercraft policy

**PRIVACY POLICY OF PERCY HOEK, INC.** We are required to advise you annually of our policy. To service you and your insurance needs, we may share your personal information with our insurance providers, our employees, brokerage firms, NYS Department of Motor Vehicles, affiliates of the insurance companies as permitted by law. We will NOT share your non-public information with anyone for purposes unrelated to insurance. We use physical, electronic and procedural safeguards to maintain the confidentiality and integrity of your data as well as to guard against unauthorized access. Credit scoring is used by many companies for personal lines coverage. We do not receive your scores, but it is used by the carriers to determine your final pricing.

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