

REST INSURED



BY JEFF GELINEAU
Vice President of United Agencies,
The Club's Auto and Home Insurance Partner



Extended Replacement Coverage: Worth It?

You can tell you are getting old when you begin the majority of your sentences with, "It used to be that..." My birthday is this month, so I guess I'm feeling old to begin this column like that.

It used to be that a homeowners policy had a limit of coverage for your home... say, \$200,000. If there were a fire that totaled the home, then you would get a check for \$200,000.

Then insurance companies started to realize that the cost to rebuild a home fluctuates, depending on the economy and the price of materials. It might only cost \$195,000 to rebuild that home this year, but next year it might cost \$215,000. So, instead of having an upset customer who is uncovered for \$15,000, the companies started adding "extended replacement cost coverage" (ERC) to homeowners policies. For no additional charge, the insurance company would "extend" your coverage to 110 percent of its value, so if you bought \$200,000 of insurance, you would be covered up to \$220,000.

The companies started competing with each other, and the ERC grew to 125 percent, and 150 percent, and even 200 percent. Anything that can be done, can be overdone! Eventually, insurance companies started to issue policies with *guaranteed replacement cost coverage*. Guaranteed replacement cost coverage would insure that your house was rebuilt regardless of the policy limits. With coverage like this available, people started taking advantage of the insurance companies. Instead of insuring the home for \$300,000, people would insure it for \$90,000 because the replacement cost was "guaranteed." The house might cost \$350,000 to rebuild, but the customer had to pay only for \$90,000.

After the Oakland Hills fire in 1991, several lawsuits arose over this practice. Customers felt cheated because they were promised "guaranteed replacement cost," and insurance companies felt cheated because they didn't collect sufficient premium for the risk.

Because of the Oakland Hills fire, we now have clear laws that state that the insurance company has to notify you in writing what kind of coverage your policy has, and what the extended replacement cost percentage is.

One insurance company in California still writes guaranteed replacement cost, but most don't. Most all companies have extended replacement cost coverage, and the industry average is 150 percent. Beware, because some companies offer only 125 percent. On the other hand, some better companies still offer 200 percent!

As part of the agreement to receive extended replacement cost coverage, you have to insure your home for the value that the insurance company proposes, and you have to agree to increase it each year for inflation.

Remember that even if you have an extended replacement cost policy, the insurance company will not pay for you to build a better house than the one that was damaged.

Even though an extended replacement cost policy may be a bit more expensive, it offers the best financial protection against disasters for your home.

Feel free to call our agency if you have any questions about what we can do for you, would like to know what it would cost to buy your insurance through us, or would like a question answered on any type of insurance.

United Agencies is the Club's partner in helping members with their home and auto insurance, and related products. We specialize in creating personal relationships with our customers, and serving their needs in a prompt, efficient and friendly manner.

Call our office today at (888) 801-5522. United Agencies Burbank. (CA License # 0252636.)

Check out the City Employees Club page on the United Agencies Website: www.unitedagencies.com/cityclub

You can also see us on Fridays at the new City Club Store, where you can ask us any question in person, and get an instant quote!

Have a question? Is there something about insurance that you've always wanted to know, but were too ashamed to ask? Maybe something that you've just always been curious about? Feel free to send me an email at jgelineau@unitedagencies.com, and I will try to answer your question in one of our monthly columns.

Be safe and have fun!

Call United Agencies Burbank today at (888) 801-5522.

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THE CLUB

Goodbye to the City Girl

Jessica Segura, one of the Club Store's friendliest faces, is moving on.



Jessica Segura,
Merchandise and Ticket
Sales Coordinator

Jessica Segura, whose great personality has greeted Club Members at the Club Store for years; who has helped many Club Members in need through the Claims Dept.; and whose smile has been a part of *Alive!* for just as long, has accepted other employment.

Jess's last day at the Club was Jan. 30. She will be working for the State of California as a Criminal Intelligence Specialist. "It's a fantastic opportunity for her," says the Ticket Guy, who was her supervisor and worked most closely with her. "Jess, we will all miss you, and we wish you nothing but the best in all of your future endeavors."

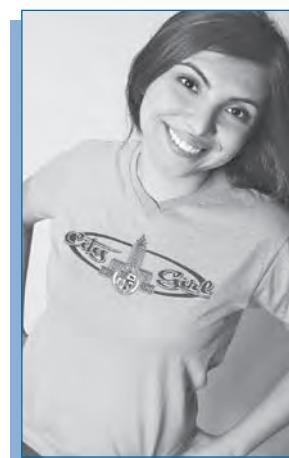
"I started working with The Club in

September 2005, three months after graduating from the University of Redlands," Jessica remembers. "The best part about working with the Club is that it's not just a job, it's family! Everyone here is very supportive and loving. But it's not just my co-workers; I have come to know many members very well. They have shared stories and life moments with me, and I will miss all the great conversations and laughs.

"Thank you to everyone who took the time to come in and treat me like a friend. I feel the same about you. My memories of our Club Members will follow me wherever I go.

"But most of all, thank you to The Club for giving me my first job opportunity after school. Your generosity is amazing, and I have learned so much. Thank you!

"P.S.: One thing I won't miss is having my picture in the paper!"



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Newsbrief

NEIGHBORHOOD COUNCIL COOPERATION:

Jan. 14, Councilwoman and Club Member Janice Hahn asked the Department of Planning to work together with the Department of Neighborhood Empowerment to create a task force in conjunction with neighborhood councils, with the goal of facilitating better communication between the two entities. The Councilwoman further requested that both Departments draft a Memorandum of Understanding (MOU), which would keep the neighborhood councils apprised of each step in the City planning processes within their council boundaries.

The citywide system of neighborhood coun-

cils was approved by voters in 1999, at which time an early notification system was also called for to keep the newly formed councils up to date on city issues. The first MOU was negotiated with the DWP in 2005, and the Public Works, Cultural Affairs and Transportation have since followed suit, forming MOUs with multiple neighborhood councils.

"It really is all about land use in this City," Councilwoman Hahn said. "And neighborhood councils have a right to get information from City departments in a timely manner so that their input can be taken into consideration."