

SHOULD THE FOLLOWING CONDITIONS APPLY- YOU SHOULD HAVE AN UMBRELLA:

- HOME-OWNER
- LANDLORD
- ASSETS
- RETIREMENT PLANS
- FUTURE

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Umbrella Policies: An Extra Layer of Protection

(Story provided by RLI and originally published by Independent Insurance Agent; Big I Advantage June 2008 Newsletter).

"Life can change in an instant. A personal umbrella insurance policy helps protect you against the unexpected events that can wreak havoc on your family, finances, and future.

Personal umbrella protection is a low-cost insurance policy that picks up where the liability coverage included in a personal auto and homeowners policies leaves off. Personal umbrella insurance provides additional coverage if you are sued for damages suffered by someone as a result of an accident involving your vehicle or property, or during recreational activities such as boating or



golfing..

Personal umbrella liability insurance fill in the gaps in two ways:

1. It increases the liability protection above and beyond the liability limits of your

homeowners or auto insurance.

2. It covers you for liability exposures that are not covered under home or auto insurance, such as libel or slander.

The personal umbrella policy coverage "kicks in" where existing coverage ends, up to the limit of the umbrella policy purchased. It can provide additional coverage at limits of \$1 million to \$5 million over and above the limits noted in an existing basic insurance in your auto and homeowners policy."

Contact your Absolute Agent to further discuss the advantages and eligibility of a personal umbrella to further protect yourself.

Umbrella Importance: Case Study

(Story provided by RLI and originally published by Independent Insurance Agent; Big I Advantage June 2008 Newsletter).

It was a great day for golf. Not a cloud in the sky, 70 degrees and a cooler of ale. The shot from the second hole hooked its way

into the grassy field and it took a while to find the ball. The driver of the cart was going full speed to catch up.... His thoughts were on the next shot and he never saw the other guy emerging from the rough on the adjacent hole. The collision left the pedestrian paralyzed with a broken back.

The jury that heard the lawsuit felt no pity on the cart driver. The award of \$3.2 million exceeded the driver's homeowners liability insurance of \$250,000. This left the homeowner responsible for the remaining \$3,200,000 in awarded damages to the injured party.



Contact your Absolute Agent for further details on your policies and available endorsements.

“When you have children from a previous marriage and children from the current union, the idea of providing for those children ... can become a priority.”



Claims: Q and A

Question: I own a home and my girlfriend just moved in, is her stuff covered under my home insurance.

Answer: No. Since she is not a relative, there is no automatic coverage for her belongings or liability. In most cases, there is an endorsement that can be added to the policy to cover her. In other cases, the best thing for her would be to establish a renters insurance policy. Either way you go, these are relatively cheap fixes to a little known coverage gap for both property and liability.

Question: My basement wall is bowing and I'm afraid that it will eventually fall in. Will my home insurance cover this?

Answer: No. This is a matter of neglected upkeep on the home. Just as your home insurance will not pay to replace a roof that is deteriorated from normal wear and tear, it will not pay for the repair to the normal pressure of the earth against the foundation walls. Insurance is protection against sudden and accidental risks, not risks that persist over time and have been neglected.

Question: If I have an accident that is my fault, will my full coverage pay for a rental car?

Answer: No. Comprehensive and Collision coverage do not pay for rental car reimbursement. That coverage needs to be endorsed to the policy in order for the coverage to be in effect. The same applies to roadside assistance or towing & labor. Full coverage merely covers physical damage.

Left Out: Children from Previous Marriage

Let's face it – divorce is a part of life. Statistics show that one out of every two marriages today end in divorce. It's also true, however, that many of these divorced individuals get remarried.

We have more and more blended families these days, and many of them start “second” families. When you have children from a previous marriage and children from the current union, the idea of providing for those children from the previous marriage can become a priority.

There is always a fear that

those previous children may get left out of any estate settlement when the parent dies. Unless there are specific provisions made in a will (assuming he or she has one – many don't), all assets will pass to the new spouse. If that spouse then remarries, those now “unrelated” children can be left with nothing.

One of the easiest and best ways to alleviate this problem is by purchasing a life insurance policy specifically listing the children from the previous marriage as beneficiaries. By using a life insurance policy to guarantee any inheritance for previous children, you can help families eliminate any hard feelings when a parent dies.

Since we don't know when we will die, a permanent life insurance policy works much better as a solution for this problem than a term policy. Term policies, by their very nature, are designed to stop before the insured dies. What I mean is that they either run their course and expire or the pre-

mium increases to such a level that the insured can no longer afford the policy. A permanent policy, like our Celestial Life 5 universal life policy, will be there when it is needed most. If you have remarried, now would be a good time to think about your plans for leaving a legacy for your children. By working with your Absolute Agent, you can guarantee that legacy, and provide yourself some peace of mind.

For further information on the Celestial Life 5 (universal life policy by Pekin Insurance), please contact Jeff or Dan at 515-279-2722. For further information regarding Wills and trusts in regards to your particular needs, please refer to pages 4-7 of this newsletter and discuss with an attorney of your choosing.

Most Americans Don't Have Wills

EAGAN, Minn., June 30, 2008 / PRNewswire via COMTEX/ -- Nearly 60 percent of Americans don't have a will, according to a new survey by FindLaw.com (<http://www.findlaw.com>), the Web's most popular legal information Web site. Fifty-eight percent of American adults have not written a will, giving them little control or input into issues such as what will happen to their assets and any minor children after they die. A will is a basic component of estate planning. Among other things, it specifies how your assets will be distributed after you pass away, and who will receive them. Without a will, the laws of the state and the decisions of a probate court may determine how your estate is distributed, who will care for your children if they are minors, and so forth. The survey found that people are more likely to have a will as they get older. More than half of Americans age 50 and older



Nearly 60% of Americans will have no control of their estate upon death, due to not having a will.

have a will. But the numbers steadily drop among younger adults. Only about a quarter of people between the ages of 25 and 34 have a will. Among Americans between the ages of 18 and 24, the figure drops to less than ten percent. Attorney Michael Jordan, author of the book *Drafting Wills and Trust Agreements*, talks

about the importance of having a will in a new podcast. "You need to determine what you want to have happen after you die and what your family's needs are," Jordan said. "You also need to have a good feel for what your estate consists of, whether it's just a few accounts or more complicated." The FindLaw survey was conducted using a demographically balanced telephone survey of 1,000 American adults and has a margin of error of plus-or-minus three percent. Additional free information on wills, trusts and estate planning, including information on finding an attorney in your area who specializes in estate planning, and do-it-yourself forms, can be found at <http://estate.findlaw.com/estate-planning/>.

“A will is a basic component of estate planning. Among other things, it specifies how your assets will be distributed after you pass away...”

Absolute Kitchen: Carolina Style BBQ Sauce

The BBQ sauce— it's what is so important to a proper backyard BBQ. Finding the right sauce for the meat selection is crucial. This is my absolute favorite sauce and it is nothing like the Midwest/Texas style used so commonly— this is old world Carolina BBQ— mustard and vinegar based— Welcome to flavor! This recipe provided by About.com: **Big Daddy's Carolina Style**

- 1cup prepared yellow mustard
- 1/2 cup sugar
- 1/4 cup light brown sugar
- 3/4 cup cider vinegar
- 1/4 cup water
- 2 tablespoons Chili powder
- 1 teaspoon black pepper
- 1 teaspoon white pepper
- 1/4 teaspoon cayenne
- 1/2 teaspoon soy sauce
- 2 tablespoons butter
- 1 tablespoon liquid smoke

Mix all except soy, butter, and smoke. Simmer 30 minutes. Stir in remaining ingredients and simmer for 10 more minutes.

This sauce compliments smoked pork and chicken very well, especially pulled pork.



Wills

By: Kent Gummert, Attorney

My name is Kent Gummert. I am an attorney in West Des Moines, IA. I practice with the Law Firm of Gaudineer, Comito & George, LLP. My practice focuses primarily on civil litigation (i.e lawsuits) and litigation involving insurance companies and their insureds. Jeff Eastvold, from Absolute Insurance, asked me to prepare an article for his newsletter from time to time.

Jeff and I agreed that my first article should address Wills and outline some issues involved in having a Will or not having a Will. The following is an outline of a presentation that I have given concerning Wills. The information provided is merely intended to outline some of the issues involved and not to provide specific legal advice to any individual. Before a decision can be made as to whether a Will is needed, you should consult an attorney of your own choosing.

DO I NEED A WILL?

Disclaimer

The following information is merely a general outline of issues concerning Wills under Iowa law. None of the information provided in this outline or in the oral presentation is intended to be binding legal advice for any individual. Any individual seeking advice as to their particular needs should consult a licensed attorney of their choosing.

• **What is a Will?**

A will is a formal legal document which is basically a title clearing document. It gives power to an executor to clear property, sell your property, and distribute the assets according to your wishes.

• **What happens to my stuff if I die interstate (without a Will)?**

1. Stuff goes to surviving spouse; if none,
2. Stuff goes to surviving children; if none,
3. Stuff goes to surviving parent; if none,
4. Half of stuff goes to heirs of mother as if mother is brought back to life and then deemed to have died immediately; half of stuff go to heirs of father as if father were to come back to life and die immediately (Jesus Christ provision). (Do you trust/like your siblings and/or grandparents and/or aunts and uncles?) If none,
5. Stuff goes to the State of Iowa

- **What stuff isn't included above?**

1. Property held as joint tenants
2. Life insurance proceeds
3. Retirement plan benefits
4. Anything where a direct beneficiary is named

- **Will my divorced spouse get any of my stuff? - No.**

- **What if I have children who are not my surviving spouse's children?**

Basically, half go to the new spouse and half to the children from the other relationship unless half does not equal \$50,000.

- **What if both spouses die at the same time?**

If you do not have a Will, there is a potential that the in-laws may fight over who died first and whose estate gets the "stuff."

- **What happens to my children if I do not have a Will or a surviving spouse?**

Your guess is as good as mine. Basically, if both of the children's parents are deceased, any family member can petition the court to be appointed their guardian.

- **What if no one wants to be their guardian?**

Good luck.

- **How does a Will help with who will take care of the children?**

First, obviously, if one of the parents of the children survive, that parent will continue on as the children's guardian. If, however, both parents were to die simultaneously, or you are the last parent, your Will can:

1. Appoint a guardian who takes care of the children's physical needs. You do not give your children to them, however. Children are not property and cannot be given away. You only designate who you wish to be the guardians. The guardians can deny the request. Therefore, please consult the proposed guardians.
2. Also set up a trust for the assets to be given to the children and a trustee to look after the assets. Some consideration should be given as to whether the same person should be the guardian and the trustee. Do you really want your children's guardian to have control of your assets for your children? What if the guardian thinks your child needs a new big screen TV?

- **What about my divorced spouse: if I die without a Will, will s/he get anything?**

No.

- **What information do I need to have a Will drafted?**

1. The name of an executor. This person will be in charge of opening your estate and distributing your property according to your wishes. Consideration should be given to the age of your proposed executor and trustworthiness. If your parents are in their 60's and 70's, they may not be the best candidate.
2. Also, choose a sub-executor. Since most people don't think to review their Will on a periodic basis, it's common that a named executor dies before the person making the Will. Therefore, a sub-executor will become the executor of the executor who chooses not to fulfill the obligation or dies first.
3. Name of a guardian to take care of the physical needs of the children. Again, please speak with these individuals first.
4. Name a trustee. This person will take care of the money held in trust for the children. Again, give some thought whether you want the same person who is the guardian to be the trustee. Also, give some thought on how old you want your children to be when they can begin receiving the money out of the trust (i.e. college expenses vs age 25 or above so they don't "blow it").

- **Now that I'm thinking of dying, what other things should I think of?**

1. Durable power of attorney for health care decisions. Basically, a durable power of attorney for health care decisions gives someone else authority to make health care decisions for you when you cannot. It should be noted that this authority only applies if your physician determines you are unable to make your own decisions. Also, it should be noted that "health care decisions" does not include the provision of nutrition or hydration unless it is provided parenterally or through intubation. Basically, your power of attorney can't tell your doctor not to feed or water you unless it's through a tube.
2. Living Will. Basically, a Living Will is an advance directive telling your physicians that you do not wish to have "life sustaining procedures" used. A Living Will only applies if a physician determines you have an incurable or irreversible condition that will result in death within a relatively short period of time or permanent unconsciousness from which, within a reasonable degree of medical certainty, you will not recover. A Living Will takes the difficult decision concerning the use of life sustaining procedures out of the hands of your durable power of attorney, if you have one

- **Conclusion regarding if you need a Will.**

1. Single– no kids– no real property and assets, including motor vehicles and accounts valued under \$25,000. (Your heirs can transfer title to your motor vehicle and withdraw the money out of your bank accounts through the use of affidavits). Many conclude that in this situation a Will is not needed. However, you must look at your individual situation to make the determination. I.E. are my parents and/or siblings competent and/or get along well enough to settle my estate and divide the property as I would want (My question is– how will they know that if you don't have a Will?).
2. Just married– no kids– with real property. The property should be titled as joint tenants. Therefore, the title of the property will transfer to the surviving spouse. Therefore, your bank accounts and your vehicles should be titled in both names. Therefore, if you have any accounts in your own name valued under \$25,000, it can be distributed through the use of an affidavit. Consideration should be given as to what happens if both of you die simultaneously or close to the same time. Or will there be a dispute between in-laws as to whose estate the property will be transferred through.
3. Married with Children (I.E. Al and Peggy Bundy). As outlined above, there are numerous issues involving children. Most people in this situation, because of these issues, choose to have a Will with some type of trust in it to provide for the care of the children and also appoint a guardian for the children.

