

## **Electronics Insurance: Are Your Electronics and Computers Covered by Your Insurance?**

There is a lot of misinformation today about consumer electronics and how it is treated by insurance companies. Most people I talk to think that if they have homeowners or renters insurance, their consumer electronics are covered.

But they usually find out that their assumptions aren't true...at claims time.

Sure, some of the property is covered. But there are a bunch of limits and exclusions that will surprise you if you have a loss and file a claim.

Don't wait until claim time to learn about this important coverage. Read this article carefully and make good decisions about your coverage.

Twenty years ago, consumer computer usage and ownership was not all that common. If you owned a cell phone, you carried it in a bag the size of a small purse. There were few home fax machines. Answering machines were pretty common, but voicemail was still on the horizon. Scanners were non-existent. Printers and copiers were huge and expensive, and you didn't see them in most homes. If you were the rare person who had satellite TV, the dish was about eight feet across and sat out in the back yard. And Personal Digital Assistants (PDAs) and MP3 players had not been invented yet.

But today....

In our home we have:

- two desktop computers with monitors
- four laptop computers
- four printers
- one stand-alone fax machine
- one combination fax, scanner, copier
- three TVs
- two VCRs
- one digital video camera with tripod for our home recording studio
- one audio mixing board, one microphone, one amplifier, two external soundcards, and a 500GB hard drive, all for our home recording studio
- two DVD players
- two cell phones, one smartphone, each with voicemail
- one satellite TV system with a 24" dish on the roof
- two Ipods

Your home may not have that amount of electronics, but then again, you might have more. The way that consumer electronics prices have tumbled over the years makes ownership much easier for more and more people.

**But...is it covered?** Does your homeowners or renters insurance cover your electronics?

We run three separate businesses out of our home. Most of our electronics are used in our businesses.

Do you have a home business? There are millions of home businesses...everything from home daycare to a service business to multilevel marketing businesses. Many times, those entrepreneurs own office electronics for their home business. Do you use your computers and other electronics for any kind of home business? Even if you're answering office email on your home computer, it could be considered "business use."

Are they covered by YOUR homeowners policy?

Are they covered if they are business-related?

What happens if your desktop or laptop computer is stolen, either from home or away from home? Is the theft covered by your homeowners insurance policy?

If you're carrying your laptop through an airport anywhere in America, your laptop is at huge risk for theft. (See more below) What if your laptop is stolen while you're in the airport?

Here is the answer to those questions...

### **MAYBE!!!!**

In the Homeowners or Renters Policy, Coverage C, Contents, there are special limits of \$2,500 for "property, on the residence premises, used primarily for business purposes." The policy says there is a \$500 limit for "property away from the residence premises used primarily for business purposes." Of course, you will have a deductible to pay first, so if your deductible is \$500 or more, you won't get ANY money from the insurance company for this loss.

**Are your personal electronics covered?** Yes, but only for the following perils:

- Fire or lightning
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft (not in aircraft, but if aircraft fall on your stuff.)
- Vehicles (not in vehicles, but if vehicles crash into your stuff.)
- Smoke
- Vandalism or Malicious Mischief
- Theft
- Falling Objects (stuff falling onto your stuff)
- Weight of Ice, Snow or Sleet
- Accidental Discharge or Overflow of Water or Steam
- Sudden and Accidental Tearing Apart or Bursting (of a steam or hot water system).

- Freezing
- Sudden and Accidental Damage from an Artificially Generated Electrical Current
- Volcanic Eruption

As I said above, the policy limit for business electronics at the residence is \$2,500.

If your laptop or other portable electronics are stolen from your car, there is no coverage under your Auto insurance for the theft.

Also remember, that under Coverage C, Contents, payment is made on an Actual Cash Value basis, not Replacement Cost Value. The only way to get RCV is to add the Contents Replacement Cost endorsement to your policy. It's not automatic, you have to request it.

How about other kinds of damage that your computer might sustain?

- Accidental damage, such as dropped equipment, falls, liquid spills and auto collisions.
- Water damage

Those kinds of damages are not covered under your homeowners or renters policy.

And what about the software and sensitive data in your computer? Is that covered, too?

Not likely. In the Homeowners and Renters policies, under the "Property Not Covered" section, "business data, including data stored in computers and related equipment" is not covered.

So, to be fully covered, you'll need to buy some additional coverage.

## **COMPUTER AND PERSONAL ELECTRONICS INSURANCE**

The leading company in the world for computer and portable electronics insurance is Safeware Insurance. They have programs for students, individuals, small and large businesses and schools at very competitive rates.

Let me take a few minutes and tell you about their outstanding insurance product.

If you own:

- Desktop or Laptop Computers
- Personal Digital Assistants (PDAs)
- Smartphones
- Digital cameras
- MP3 players
- Scanners/Faxes/Copiers
- Printers
- DVD players

- Flash drives
- Servers
- External hard drives
- Digital camcorders
- Peripherals that connect to your computers through an USB port, Firewire, PCMCIA or another input

All of these electronic products need special insurance coverage not provided in Homeowners or Renters policies.

### **Did you know these facts about computers?**

- Accidental damage is the number one cause of loss
- Theft is number two cause of loss
- Power surge is number three
- Manufacturer warranties do not protect your computer from accidental damage or theft
- Even though some manufacturers do offer special “damage only” coverage, they do not offer coverage for theft, power surges, natural disasters or vandalism.

You already know how easy it is to have electronics with replacement value in excess of \$2,500. There are loaded desktops and laptops that easily exceed \$2,500 EACH.

So, you have some choices:

1. Call your agent and buy a Personal Property Endorsement to add coverage to your homeowners or renters policy. Downsides to this choice are (a) many endorsements only pay the Actual Cash Value of the damaged property, not replacement cost, and (b) perils like Accidental Damage, Drops, Falls, Cracked Screens, Liquid Spills and Auto Collisions are not covered.
2. Buy a custom policy that just adds special coverage for your computers and other electronics, like:
  - Desktops
  - Laptops and notebooks
  - Personal Digital Assistants (PDAs)
  - Smartphones
  - Digital cameras
  - MP3 players
  - Scanners/Faxes/Copiers
  - Printers
  - DVD players
  - Flash drives
  - Servers
  - External hard drives

- Digital camcorders
- Peripherals that connect to your computers through an USB port, Firewire, PCMCIA or another input

Safeware's policies cover Accidental Damage, Drops, Falls, Cracked Screens, Liquid Spills and Auto Collisions.

### **Business Electronics**

In May 2006, burglars stole a laptop from the home of a data analyst at the Department of Veterans Affairs. The laptop contained the sensitive personal information of over 26 million veterans and military personnel. The FBI said that the laptop was recovered after an informant "snitched," motivated by a \$50,000 reward.

But it's not just organizations that deal with consumer data that are concerned about thefts. Companies whose employees have laptops are naturally concerned with the value of the computer when it is the company that owns the laptop.

The Ponemon Institute, a privacy risk management think tank, released an extensive study in June 2008 entitled "Airport Insecurity : The Case of Missing and Lost Laptops."\*\* They studied laptop security at 106 American airports and found that there is an average of **12,000 laptops lost, missing or stolen at American airports PER WEEK!** The airport with the worst record is Los Angeles International, with about 1,200 per week. The nation's busiest airport, Atlanta's Hartsfield, was in eighth place with 450 per week.

Further, the study found that only 33% of the laptops within the airport's Lost and Found Departments are ever reclaimed! That means that the remaining 67% of unclaimed laptops are either sold or disposed of by airport authorities. Can you imagine the amount of sensitive personal and business data contained in those laptops? No one knows what happens to that data, but it is ALL at risk. The Identity Theft risks are astronomical.

Safeware's policy covers business electronics for the hazards the homeowners, renters or business insurance policy does not cover.

### **Education Coverage**

Students face a higher risk of damage or theft than a normal adult user. Students can experience accidents when they're putting their stuff into their locker, or accidentally get bumped in a busy hallway, or when they're running to the bus. A soft drink could be spilled on the keyboard, or they could sit their laptop bag down somewhere and later find it missing.

This policy protects students' computers against Accidental Damage, Theft, Vandalism, Power Surge, and Natural Disasters at any location within the USA, Canada and while in transit.

**Small Business Coverage** is for any sized business with electronics property values up to \$49,999, covering Accidental Damage, Theft, Fire, Vandalism, Power Surge and Natural Disasters.

**Commercial Coverage** is a group plan for organizations that have electronics property values in excess of \$50,000. Coverage can be one of the following: Comprehensive (Accidental Damage, Theft, Fire, Vandalism, Power Surge, and Natural Disasters); Theft ONLY, or Accidental Damage ONLY.

The Commercial policy can benefit organizations such as:

- Schools and colleges that want to make their student's notebook computers more safe and less at risk.
- Corporations issuing notebooks and laptops to their workers, and wishing to minimize their risk of capital loss.

In these organizations, the equipment is owned by the corporation or school and used by the employee or student. Experience has shown that if an individual does not own the computer, he or she is likely to take less care of the item than if they owned it themselves. Schools and businesses need to insure their equipment against the perils that could turn their expensive equipment into unusable junk.

Safeware Insurance policies do not depreciate for age and condition of your electronics. If you have a claim that requires replacement of your equipment, they pay for like kind and quality of the equipment you had. That's a HUGE difference from the Homeowners and Renters policies, and could mean thousands more dollars to you in a claim.

**Worldwide Coverage** is an endorsement that adds global coverage to your policy for a very low price. Standard coverage is for the USA, Canada and Puerto Rico.

**Mobile Advantage** insures PDAs and smartphones. You likely purchased your unit at a big discount when you signed up for a service plan. If your device is damaged or stolen, you'll have to pay full retail for another unit. However, with Mobile Advantage, you're only responsible for the \$50 deductible per incident to get a brand new device.

For more information about Personal Electronics Insurance for your student, yourself, your business or your school, contact Safeware Insurance at: [www.safeware.com](http://www.safeware.com)

## **LAPTOP RECOVERY COVERAGE**

Can you get your stolen laptop back?

There is a way that you can protect your laptop, and then retrieve your laptop after it's been stolen.

Three burglary suspects were arrested on February 1, 2008 by Albuquerque police, thanks to a stolen computer loaded with tracking software. The software is called LoJack for

Laptops™, developed by Absolute Software. The tracking software told the police exactly where to find the suspects. The police were also able to recover thousands of dollars in other stolen property at the location.

Absolute Software is the leader in Computer Theft Recovery, Data Protection and Secure Asset Tracking™ solutions. It works this way: You install the LoJack for Laptops™ software and register it at the LoJack website. If the laptop is stolen, you notify your local police and notify the LoJack Recovery Team. The next time your computer is connected to the Internet, the laptop secretly notifies the Monitoring Center of its whereabouts. The Recovery Team can track its location, and provide police with the information they will need to get a search warrant and recover your laptop.

Pricing for LoJack for Laptops™ starts at only \$39.99 per year.

My friend here in Atlanta, Cole Harrison, had his laptop stolen from his car recently. He had the Lojack system on the laptop, and notified them immediately when he discovered the theft. Lojack located the laptop the next day...in Thailand.

If you want protect your laptop so you can get it back after it's been stolen, check out: [www.lojackforlaptops.com](http://www.lojackforlaptops.com) Lojack boasts a 90% recovery rate for stolen laptops.

## **CONCLUSION**

For only a small price, you can have the proper coverage you need to protect all your personal and business electronics. Be the smartest person on your block with the right protection. Be the hero to your business with the best coverage. **YOU CAN DO IT!!**

\*\* To read the entire study, go to:

[http://www.dell.com/downloads/global/services/dell\\_lost\\_laptop\\_study.pdf](http://www.dell.com/downloads/global/services/dell_lost_laptop_study.pdf)

# Should You Buy Rental Car Insurance?

A Special Report By Russell D. Longcore, author of  
***“Insurance Claim Secrets REVEALED!”***

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Your flight landed an hour late.

Now, you’ll be late for that important meeting. You can already imagine your customers sitting around a conference table waiting impatiently.

You step to the front of the line at the car rental counter, with six other exasperated businessmen behind you who are late for their meetings, too.

The rental agent plunks the contract down in front of you, and circles all the places on the contract that you’re supposed to sign or initial. Then she stares at you, as if to say, “Hurry up!”

The print is small. The sentences are written in Legalese. You’d like to stop and read the fine print, but you can feel the people behind you getting more upset.

You thought you were renting a car for \$35.00 per day. With all the add-ons, the cost is now \$67.00 per day.

Oh...the pressure...the panic! You cave in, signing and leaving your initials in all the right places. You take your contract and keys and head for your car, inwardly feeling like a failure and mad because you didn’t stand up for yourself.

If the preceding story is too familiar, there’s hope just ahead!

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It doesn’t matter if you’re a regular car renter or just an occasional traveler who needs to rent a car, you’ll likely face these kinds of choices at the car rental counter. Some folks just decline everything. Some folks purchase all of the coverage offered.

**But...are you wasting bunches of money on unneeded coverage or leaving yourself dangerously underinsured?**

**Before leaving on your trip, I recommend that you make two phone calls – one to your auto insurance company and another to the credit card company you’ll be using to pay for the rental car.**

**You’ll need to find out** if you have automatic coverage for your car rental from each company, and the various terms and conditions for that automatic coverage.

## **FIRST...CALL YOUR CAR INSURANCE COMPANY**

In your personal or business auto insurance policy, there is coverage for damage to your auto. The Insuring Agreement in most policies says: “ We will pay for direct and accidental loss to ‘your covered auto’ **or any ‘non-owned auto,’** including their equipment, minus any applicable deductible shown in the Declarations.”

### **Another phrase is VERY IMPORTANT!**

“If there is a loss to a **‘non-owned auto’**, we will provide the broadest coverage applicable to any ‘covered auto’ in the Declarations.” Here’s an example of how this would work for you:

You have two vehicles. One is a 2006 Toyota Camry with full coverage. It’s worth \$24,000. The other is a 1980 Chevy S-10 pickup worth \$1,500 that you only use for trips back and forth to the local home improvement store, and you only have liability coverage on the pickup. If you rented a car and it got damaged, your insurance company would provide the full coverage for the rental car, which is the broadest coverage in your policy.

If you normally drive an older car with only liability insurance on it, there will not be any property damage insurance extended to the rental car. In this instance, you should either use the credit card’s Collision Damage Waiver or buy the CDW from the car rental company.

**Ask your insurance company representative** how much coverage you have on your car. Ask if there is a limit of value on your Collision coverage. If there is a limit, and you drive a 7 year old Ford Taurus that’s worth \$5,500...and you rent a new Cadillac Escalade that’s worth \$45,000...will your personal auto insurance cover the damage to the higher valued vehicle? REALLY important to know this...you could owe the rental car company tens of thousands of dollars to repair or replace a high value rental vehicle if you’re not properly covered.

**Find out the limits of liability.** Make sure that your limits are higher than the minimum limits required by your state. Limits above \$100,000 per person/\$300,000 per accident for Bodily Injury, and \$100,000 for Property Damage are very inexpensive. Make sure that you limits are no less than that amount...higher would be better.

**Find out** what collision and comprehensive deductibles you have on your car, because those deductibles will apply when you rent a car and use your own insurance for rental coverage.

**Make sure** that you have Uninsured Motorist and Underinsured Motorist coverage on your personal or business policy. If you are in an accident with an uninsured motorist, and the accident is his fault, recovery will be practically impossible. Likewise with a motorist who is underinsured. Best to have your own coverage protection.

**Q:** What if I don’t own a car, and don’t have car insurance?

**A:** If you do not own a car, you won’t have an automobile policy. You should buy the rental car coverage, both the CDW and liability coverage. Or, you should use your credit card’s

CDW and buy the optional liability coverage from the rental car company. If you're a frequent car renter, however, you can still buy a "non-owner" liability policy. This solution might save you money over the coverage available through the car rental company.

**Q:** What happens if my personal property inside the car gets damaged or stolen?

**A:** Most Collision Damage Waivers provide coverage for theft of the vehicle, but not any personal property stolen or damaged inside the vehicle. Check your homeowners or renter's insurance policy because you may have coverage through them for your stolen or damaged personal property. A deductible will likely apply.

**Here's a super important tip!** Some people think that, if they purchased the Collision Damage Waiver or used the CDW from their credit card, and the rental car got damaged, they don't have to report it to their own insurance company. They are hoping that because the CDW covers the damage, it won't affect their own insurance policy....and they won't get a rate increase. **WRONG!!!** Don't be misled into thinking that you can get away without reporting your accident to your own insurance company. In most accidents, more things get damaged than just the rental car. Even if your accident is just you running into a guardrail, whoever owns that guardrail is going to look to you to pay for the damages. Also, other people might have been injured. You could have a large liability exposure, and you might need your personal or business auto policy to cover your loss. Your insurance policy includes legal representation if someone files a lawsuit against you for damages.

If you're going to use your own personal or business auto coverage, decline the Collision Damage Waiver on the car rental contract.

## **NEXT...CALL THE CREDIT CARD COMPANY**

**Ask your credit card company** about the benefits they offer. Each company is different, and each level of credit is different. For example, a regular card might have different insurance benefits than a gold or platinum card. Ask the card company to send you your benefits IN WRITING. If you're in a hurry, ask them to fax or email it to you.

**Some cards** may only cover collision and comprehensive, and leave you uninsured for liability. Some cards only offer coverage when you rent from a certain rental company. Some restrict the number of days of coverage. Some cards don't automatically cover you and require you to sign up for a particular program. Still others limit the kinds of vehicles you can rent. (see below for some exclusions)

**If you have** more than one credit card, call each one and find out the card with the best benefits. Then, use that credit card to pay for your rental car, and use their benefits.

**If you're planning** on using the credit card company's coverage, you must decline the Collision Damage Waiver shown in the rental car contract. Otherwise, the credit card company's coverage will become excess to the coverage in the rental car company's Collision Damage Waiver. "Excess" means that any other available coverage would pay first, and the credit card coverage would pay any remaining portion of the loss.

Credit card Collision Damage Waivers cover:

- vehicle damage
- theft
- loss of use
- towing

See your credit card company's written CDW for all the details.

Collision Damage Waivers exclude:

- Injury to anyone or damage to anything inside or outside the rental vehicle.
- Loss or theft of personal belongings.
- Liability
- Loss due to intentional acts, like DUI, drug use or other illegal activities.
- Off-road operations. If you rent an SUV and take it off-road, no coverage.
- Rental periods of more than 15 days within your country of residence, or more than 31 days in a foreign country.
- Vehicles that do not meet the definition of "covered vehicles," such as:
  - expensive, exotic and antique vehicles
  - certain vans
  - pickup trucks
  - other trucks
  - motorcycles and ATVs

See your credit card company's written CDW for all the details.

## **CAR RENTAL INSURANCE**

Most major rental car companies offer these four coverages.

•**Collision Damage Waiver (CDW).** This covers a rental vehicle damaged by an accident, vandalism, theft or loss of use. Costs range between \$9 and \$20 per day.

The most misunderstood part of car rental coverage is the Collision Damage Waiver, or sometimes called the "Auto Rental CDW."

**Remember**...the car rental CDW provided by the car rental company is not insurance. Insurance is regulated by each state. Collision Damage coverage is a waiver. The car rental companies agree to not hold the renter responsible if the rental car is damaged or stolen, and they guarantee that they will pay for certain damages listed in their coverage agreement.

In many cases, the waiver also provides "loss of use" coverage, which pays the rental company if the damaged or stolen car cannot be rented. In most states, car insurance policies don't cover loss of use. So, if you choose not to buy the Collision Damage Waiver, you might have a loss of use exposure if the rental car gets damaged. But if you're using your credit card's automatic coverage, it will pay for that loss of use.

Some car rental companies will require you to pay for repairs or replacement costs out of your own pocket up front, and then you have to get reimbursed by your own insurance

company. Being forced to come up with thousands of dollars in immediate cash could ruin a vacation. You're protected from these up-front costs by the CDW. Read your rental contract CAREFULLY!

•**Personal Effects Coverage.** This provides coverage for theft or damage to personal items inside the rental car. Costs range between \$2 and \$5 per day.

•**Supplemental Liability Insurance.** This provides liability coverage up to \$1 million. Costs range between \$7 and \$9 per day.

•**Personal Accident Insurance.** This covers you and passengers in your vehicle for medical expenses. If you already have personal health policies or travel policies, it won't be necessary to buy this optional coverage. It usually costs between \$3 and \$5 per day.

**Corporate Travelers.** If you're a frequent traveler for business, do one other thing. Check with your company to find out if they have a corporate travel policy. If they do, find out what that policy covers, and then simply don't buy duplicate coverage on the rental car contract.

**Car rental outside your country of residence.** Some insurers exclude coverage if you're driving in a foreign country. Some will cover you, but only a limited time. Some credit card companies cover car rentals outside your country of residence. Check with your insurance company and credit card company for specific details, and **GET IT IN WRITING!**

**Q:** Can I allow others to drive my rental car?

**A:** If you're using your personal or business auto coverage to cover your rental car, the chances are all "authorized drivers" are covered. An "authorized driver" is anyone listed on the policy. However, **here's a BIG GOTCHA!** If your teenaged son drives your rental car and he allows his girlfriend to drive the car, you're covered. If the girlfriend allows another person to drive, **NO COVERAGE!!!**

Some car rental companies have exclusions for young drivers. Some charge extra for young drivers. Find out this information **BEFORE** you arrive at the car rental counter.

**Q:** How do I file a claim if I've had an accident?

**A:** When you experience the damage or theft, immediately get a camera and take lots of photos of the damage, including any other autos or property that was damaged. Keep those photos! Notify the rental company **IMMEDIATELY** of the damage.

Report the damage to your own auto insurance company if you have personal or business coverage.

When you return the vehicle to the rental company immediately ask for:

- A copy of the accident report and any claim documents, which should show the amount you're responsible to pay, as well as any amounts that have been paid toward the claim.
- A copy of the initial and final auto rental agreements.

- A copy of the repair estimate or the paid repair invoice.
- A police report, if one exists.

**So the bottom line is this:**

**If you have personal auto insurance, commercial auto insurance or corporate travel coverage, it is usually not necessary to pay for the Collision Damage Waiver or extra coverages offered to you by the rental car contract. Your situation may vary.**

**Get everything in writing, and make an informed decision. Then enjoy your car rental experience!**

*Russell D. Longcore lives in Marietta, Georgia, USA, and is the author of "Insurance Claim Secrets REVEALED!" The book shows consumers how to take charge of their insurance claims, and add hundred or even thousands more dollars to their claim settlements. The book is available through Amazon and at his website.*

*He invites you to visit his website at [www.insurance-claim-secrets.com](http://www.insurance-claim-secrets.com) for more information.*

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