

A Letter from Anderson Insurance on Managed Competition

“**M**anaged Competition” arrives for Massachusetts auto insurance on April 1! This applies to all private passenger auto policies renewing in or after April 2008.

In this update we will be focusing on the changes that Commerce Insurance Company has on file with the Division of Insurance for Massachusetts auto effective April 1. Commerce’s new private passenger auto rates will include a number of new discounts for policies beginning or renewing on or after April 1:

Loyalty Discount: Commerce will be rewarding existing Commerce insureds if you have insured your auto without interruption with them for at least three years. The discount will be 2% for three to four years, 3% for five to six years and 4% for seven years or more.

Account Discount: Commerce will be offering a 5% auto discount if you maintain both a private passenger automobile policy (excluding antique vehicles) with them and a homeowners policy with either Commerce or the Fair Plan.

AAA Member Package Endorsement: Commerce will be offering a 4% AAA member group discount as well as adding the new AAA member endorsement package. The AAA Member Package endorsement will automatically include up to an additional \$30 a day to increase your substitute transportation coverage, up to \$250 a day increased loss of earnings for trials/hearings, and replacement cost coverage (no deduction for depreciation for new cars for the first year or 15,000 miles—whichever comes first). This package will also automatically waive the collision deductible, waive the glass deductible,



and include coverage for damage to cell phones and laptops, injury or death to pets, plus a \$5,000 seat belt and or airbag death benefit.

Not a member of AAA and prefer not to join? Commerce is planning on filing an endorsement similar to the AAA Member Package endorsement noted above to add to non-AAA policies for a small additional premium.

We have been told the following by Commerce (based on their company averages):

- 76% will see a decrease in premium
- 44% will see between 5% and 15% premium reductions
- 12% will see greater than 15% premium reductions
- 9.6% will be the overall average premium decrease for those drivers licensed six or more

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Homeowners Insurance and Retirement Planning



The Principal Financial Group reports that nearly three out of four Americans plan to keep their homes when they retire rather than sell or downsize. Most of these Americans will also see their incomes drop in that stage of life, even if they have prepared with investments.

Critical to a well-balanced retirement plan is adequate homeowners insurance—now and during retirement. Heavy damage to a home that is only partially covered can really set back your retirement plans, and for the elderly, it can be financially catastrophic. Worse yet, you could be subject to a penalty for being under-insured.

Ask your agent for assistance and consider purchasing coverage that automatically adjusts with inflation. Also, conduct an annual insurance review to keep your protection in line with your purchases and interior/exterior updates. For any items that are of substantial value, take photos, keep receipts and store them somewhere other than in your home itself. ●

Managed Competition (cont.)

years (class 10).

We have compared our auto insurance policies and demographics with Commerce and we anticipate that a higher percentage of our insureds will be receiving premium reductions. In addition, we expect to see a markedly lower percentage of our insureds experiencing a rate increase!

More on MAIP (Massachusetts Auto Insurance Plan)

As you may recall from last issue's letter, the Commissioner of Insurance has adopted a new assigned risk plan (residual market) referred to as the MAIP. The MAIP has been created to serve the part of the automobile insurance

market to which companies do not willingly want to offer policies. We estimate that less than 5% of our insureds will be placed in the MAIP. In any case, we will know approximately 75 days in advance of your renewal on or after April 1, 2008, if your policy has been assigned to one of the 19 MAIP carriers as the servicing carrier with Anderson as the servicing agent. (The typical threshold for the MAIP will be any policy with an SDIP of 10 or higher.)

Please visit our Web site at www.insure-mass.com for additional information until our next update, which will address some of the additional companies' programs that we will be representing. ●

Ageless and Evergreen

It may be that nature's landscape stays evergreen even through the winter with hollies and firs, but the truth is, we won't.

Age happens. That's why it's important to start planting evergreen investments when you are young.

But when young people first invest, they often have less disposable income to plow into long-term plans for the winter of their lives. It's critical to get good advice early on.

The good news is that when it comes to saving money, planning for retirement or storing up for future expenses, consumers are flooded with options. Annuities, mutual funds, IRAs, stocks, and other investment and retirement tools are available, but which ones are best for you? That depends on when you want to pay taxes, how much cash you need for fast access in case of emergency, and how much you want to spend each month during your retirement. It also depends on your health care insurance and your long-term debt. Whew! That's a lot to process.

If you've been meaning to create a money-management program for yourself, let us get you on the road to a successful retirement. Call one of our investment professionals to start planting your evergreen investments today. ●



Insuring at the Rental Car Counter

Auto policies differ, so it's important to know your personal policy before refusing that insurance option at the car rental counter.

The good news is that, in most cases, personal auto insurance will extend coverage to rented vehicles. Note we said "most," not "all." And even those policies providing coverage can have provisions restricting how coverage would be applied based upon such variables as the rented vehicle's size, use and any coverage provided by the rental company.



Here are two important questions to ask the rental car agent before signing up for that

company's insurance:

"What are my out-of-pocket expenses?"

Is there a deductible? Is there a minimum or maximum amount that the rental insurer will pay out if I cause damage or injury?

"What is covered and not covered?"

Sometimes only damage to the rental car will be covered. In that case, you are liable for all other damage or injury you cause.

Before renting a vehicle, give us a call to find out how your policy applies to the rental and if it is smarter to cover your rental through us. ●

Home Away from Home

Ski season is in full swing, and that house in the mountains with the great fireplace is beckoning.

But it may be calling for more than just your company. It may be in need of a little TLC and an insurance once-over.

It's sometimes easy to enjoy the vacation home and forget about the insurance, but what you store there, whom you invite there and how the place is holding up all factor into your insurance needs.

For instance, you might have changed the way you let guests use the house. Do you now rent it out? If so, you could need to alter your policy. Have you checked the nearby trees and the indoor appliances

recently? Were a limb to crash down on the roof or the heat to fail, you might end up burning your slope time ushering in repairmen.

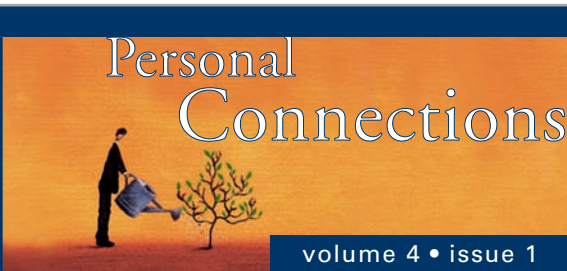
And don't forget the new stuff you've bought since you first started staying there. New electronics, new snow and sports equipment, maybe even a nice wine or art collection. All of that needs to be insured against theft and damage.



We at Anderson want your week-ends away to be as enjoyable as possible. Contact us about getting the coverage that can help give you peace of mind. ●



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A Safer Ride

The Insurance Institute for Highway Safety recently released its report on the safest vehicles for the 2008 model year. The report cites that vehicles considered the safest by the organization nearly tripled in the past year. Specifically, 34 vehicles received “top safety pick” honors for 2008, compared with just 13 for 2007.

The report finds a major contributor to this is the installation of electronic stability control (ESC) in vehicles.

Leading the pack are Ford and Honda. Ford has announced it will have ESC on all its vehicles by the end of 2009. Honda already has incorporated the technology on all its SUVs, pickups and minivans. The technology is now standard on the Accord.

For a list of the safest autos for 2008 as judged by the IIHS, visit the vehicle ratings section of its Web site at www.iihs.org.

For more information about your personal insurance needs, call us or fill out this form and fax it in today!
 Fax: (781) 837-3756
 Phone: (781) 834-6578

Thank you for your referrals.
 If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates.

Please call me about:

- My home insurance protection
- Car insurance
- Boat insurance
- Insuring my in-home business
- Personal umbrella policy
- Life insurance



My name and phone number:

(_____) _____

E-mail address:
