

Fredricksen Information Source

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In This Issue:

Home Sweet Home 2

- Brush Requirements Eased at First American
- Housing Costs on the Rise

Straight From the Horse's Mouth 3

- When Should You Get a Justification of Value?
- Two Misconceptions About Livestock Mortality

Stable Times 4

- Great American Offers New Coverages
- New Fees for ABIG Direct Bill

Tell Us What You Think 4

A Message from the President.

Happy New Year ! It seems that I've been moved to the front page, and they say having connections doesn't really work..

I know we've thanked you all for your business and support, but let me do it one more time. We've just concluded what may end up as the lowest combined loss ratio for all lines in the history of our company. The quality of your submissions and your understanding of our product lines combine for a tremendous result.

Issues on the immediate horizon include expanded homeowners and dwelling fire territories, farm rate reductions, policy expansions and perhaps a new product line for your arsenal.

We are looking to grow all aspects of our agency in 2006. We are paying special attention to the AIG PCG, looking for new brokers for this product line. I will personally be meeting with most of our producers for this product in the first 4 months of 2006. I will bring new sales aids and information which will help them all understand the product offering in a clearer more concise manner.

We are looking for additional staff which can help us stay on top of the production, product and learning curve.

We have a very exciting first quarter planned and we look forward to working with you to make it a profitable one for you and your agency.

- Mark

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Change in all things is sweet.

- Aristotle

Home Sweet Home

Homeowners Department with Rachel Hindle, Underwriter

Brush Requirements Eased at First American

The standard for brush clearance in all FASIC Homeowners and Dwelling Fire policies has been a minimum of 1500 feet of clearance for all homes that do not have a combination of fire-prevention features.

These features typically include all-stucco siding, enclosed eaves, double-pane windows, combustible plants not near structures, a fire resistive roof such as tile or composite shingle, etc. These features are now common-

place in most new construction in CA.

In response to this new standard of construction, First

Newer homes need less brush clearance!

American has relaxed their brush clearance minimum for all homes constructed in 2000 or more recent. However, First American will still not

accept any dwelling within 500 feet of a brush hazard.

Homes built prior to 2000 will still be acceptable within 1500 feet of a brush hazard only with proof of the fire resistant features listed above. Risks within 500 feet are still unacceptable.

For more information on First American's brush-clearance underwriting rules and new rates for 2006, contact Rachel.

Housing Costs on the Rise

According to a study by the Office of Federal Housing Enterprise Oversight, housing value nationally is rising my leaps and bounds.

For example:

- The average cost of a home in the U.S. rose by over 12%, compared to 7.7% for the same period in 2004
- Houses appreciated by over 20% in 37 of the 265 ranked metropolitan areas.
- Of the top 20 locations where housing costs went up by over 25 percent in the past year, 11 are in Florida and five are in California.

If average home costs are on the rise, home costs in high-demand areas under current economic conditions are likely to escalate even more quickly.

Rebuilding cost is also on the rise, as the profit margin for contractors is steadily on the rise. In many high-demand locations, contractors charge as much as 20-25% in contrast to the 10-12% national average. In addition to location, times of high need, see drastic increases in construction costs.

Verify that your client's property value is up-to-date, and that they are sufficiently protected.

Interested in the AIG Private Client Group?

FIS is compiling packages of AIG sales materials for interested agencies. If you would like to request a sales package, or more information on AIG Private Client Group, contact Cindy or Mark.

If you already do business with the AIG Private Client Group, Mark will contact you shortly.

Straight from the Horse's Mouth

Livestock Mortality Department with David Hindle, Underwriter

When Should You Get a Justification of Value?

One of the essential tools in the underwriting process is the possession of an accurate value for the horse. Since a horse's value can fluctuate greatly over its lifetime, it is important to take note of value-changing attributes and experiences as they may occur. Some variables can come in the form of training and achievements, of which current evaluation is essential.

The primary purpose for up to date justification of value is to keep up with those changes in value that may occur from the time of the horse's purchase.

The following are a few variables that should be considered when determining the value of your insured's horse.

- **Purchase Price**
A good place to start. If the insured price is far from this,

additional documentation might be required.

- **Competition/Show Records**



- **Training**
The name and location of the training facility, and cost of training up to date.
- **Market Comparison**
What would be the replacement cost?
- **Race Standings/Winnings**

- **Breeding History**
Past stud fees. Cost and performance of foals.
- **Current Appraisals**
- **Future Breeding Expectations**
Current stud fees. Number of mares booked this season.

These are just a few general guidelines that can aid in the evaluation your client's coverage needs. If you would like carrier-specific information, or would like to see if a JOV form is necessary for your client's horse, contact David.

You can find Justification of Value forms along with others and additional coverage details at www.fredricksenin.com.

Two Misconceptions About Livestock Mortality

Although many of our producers have done business with us for quite a while, it is easy for our producers (both new and old) to fall into some simple misconceptions about this unique coverage.

The first is that only the very expensive horses are insurable. The truth is, we insure many horses at or around the chosen carrier's minimum premium. For most people, shelling out



\$5000.00 for a new horse or being saddled with a large vet bill is not affordable. Mortality & major medical is a simple

solution for a large range of equine values.

The second is, as a producer you have to know a lot about horses. You don't have to know much at all, because we can walk you through the process. Even if you don't know the difference between an andalusian and an appaloosa, you will be surprised at how easy this product is to sell. You will feel at ease in no time !

**Farm/Ranch Department with Cindy Melcher,
Underwriter and Vice President of Agency Operations**

Stable Times

Great American Offers New Coverages

Effective immediately, Great American's AgriBusiness Division in conjunction with Hartford Steam Boiler, will offer two expanded coverages within the Agripak Farm Package.

When Comprehensive Personal Liability is provided, Identity Recovery coverage will be automatically included. Equipment Breakdown coverage will be made available for Agripak coverage forms E through G.

The Identity Recovery coverage provides Case Management Services for 12 months and expense reimbursement to a \$15,000 annual aggregate subject to a \$100 deductible. Equipment Breakdown coverage will be offered for property covered under Coverage E through G for a charge of 7% of the E through G premium.

Contact your underwriter for more details.

New Fees for ABIG Direct Bill

Effective immediately, all American Bankers direct bill policies will be subject to new eligibility requirements. In order to qualify for various payment options, minimum premium amounts must be met. The following are a selection of the new requirements:

- On FSL/FO/FOU the minimum premium for Direct Bill is \$750 for 4 pay
- On SL/CCC/EF the minimum premium for Direct Bill is \$500 for 4 pay
- For 9 pay any policy line the minimum premium is \$1500

If you have any further questions, please contact your underwriter.

Tell Us What You Think...

We'd like to hear your thoughts, whatever you might have to say. Just leave us a note on the space provided. If you'd like to hear back from us, leave your name and contact information on the bottom. If not, we're happy to receive anonymous comments too. You can reply via e-mail, fax, or mail this page to me at Fredricksen Insurance Services, Inc., 1600 E. Florida Ave. Suite 208, Hemet, CA 92544.

Thank you for your input,
Mark D. Fredricksen
President
Fredricksen Insurance Services, Inc.

Dear Mark,

Effective 03/01/06, all California farm owners policies will have a 10% increase on dwellings (10%) & buildings (5%) for the cost of materials/labor/etc.