



## Quarterly Newsletter | Fall 2010

### FEATURE STORY

## Beat Cancer Boot Camp by Anita "Sarge" Kellman

I'm Anita Kellman, but it's "Sarge" to you. I have worked in the medical field for over 25 years and as a clinical liaison for patients undergoing biopsies and other procedures. Through my work, I meet cancer survivors every day - in various stages of treatment and recovery - and most of them are looking for a way to cope more effectively.



Beginning in 2001, I attended boot camp classes and learned Navy Seal exercises, and in 2004 I adapted these techniques to start an intensive support group built around physical fitness instead of "woe is me".

Beat Cancer Boot Camp is a fitness-based support program created to help survivors stay active during cancer treatment and beyond. Studies show that regular exercise can help relieve stress, anxiety, and combat some of the side effects common to cancer treatment such as nausea and fatigue.

Beat Cancer Boot Camp incorporates a variety of exercises designed to be effective and challenging for all fitness levels as participants move through

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various stages of treatment, recovery, and beyond. Keep in mind Beat Cancer Boot Camp is not just for survivors, it's also for spouses, family members, friends - anyone who wants to join the battle against cancer.

Seeing that many people outside of Tucson could benefit from Beat Cancer Boot Camp, I teamed up with former Navy SEAL, Stew Smith, to write my book called "It's a Beautiful Day for Boot Camp". There I share my motivational program to build the mind, body and spirit.

And if you have a passion for business and helping cancer survivors get healthy, licensing a Beat Cancer Boot Camp business could be a great opportunity for you. No operating experience is required, as we provide comprehensive support and an online community at <http://BeatCancerBootCampBlog.com> and <http://Facebook.com/BCBCBlog>

### **FEATURED BUILDER**

## **Going Green**

by Francis Maasland

Born in the Netherlands in 1962, Francis Maasland was raised in an environment where green living occurred as a natural response to the lack of resources available after WW II. From Francis' perspective, green building had always been available.

Francis began to incorporate healthy building strategies as an insurance contractor in Seattle, where he co-



### **LIABILITY INSURANCE**

## **Cyberspace Internet Liability Insurance...why do I need it?**

by Ken Kurtz

Traditional liability insurance policies do not always address internet exposures and the risks involved in internet businesses that have blossomed with the Net itself. Anyone with a web site, now has the legal liabilities of a publisher.

One might not think that a publisher and someone who is just disseminating information via a web site would be held to the same standards. Based on user privacy and domain name infringement laws, many companies have little or no concept of their resulting legal responsibilities. Moreover, new legislation continues to expand the potential liabilities a web based company can be exposed to as they interact in both a national and international arena with their clients.

As mentioned above, many insurers have exclusions in their standard comprehensive general liability policy for the exposures arising from publishing, broadcasting, telecasting and advertising.

Please note that in operating a cyberspace business, there are potential vulnerabilities in 2 areas for the business owner. One is First Party risks and the second is Third Party risks.

First Party risks are losses that

founded TRE EGGERT Construction in 1994. "Once I started to process all the claims for reconstructing water damaged homes, I found large amounts of mold. Customers were already aware of the dangers of mold and I felt it was my responsibility to address their concerns". I also wanted my customers to have an awareness of volatile organic compounds emitted from new building materials such as cabinetry, paints and carpet." Francis began reducing VOC emissions by combining careful material selection, avoiding products that emitted gases such as formaldehyde, or promoted the growth of mold by applying responsible building practices.

When he began working as a construction manager for a national production home builder in Tucson, Francis realized the trend of tightening the building envelope to create more energy efficiency was limiting fresh air infiltration. "While the consumer had a more efficient home from an energy perspective, high VOCs from carpets, vinyl floors, glues, cabinets, and paint started causing issues for the homeowners because the structure was not "breathing" enough to allow the gases to dissipate. Homeowners were potentially breathing polluted air."

Francis believes an obvious step forward for the industry would be for builders to return to their roots and start with the design and layout of the home. "The first rule in architecture is placing the home on the building lot to take advantage of the site, minimizing prolonged sun exposure on the living areas. When you are building on a more restricted setting such as a subdivided community, you might be able to minimize sun exposure by simply flipping the house plan." He also suggests that builders take advantage of utility company green programs, and regional green building programs, free of charge.

Francis, a LEED Accredited Professional, and CAPS serves on the board of the Habitat green building

can occur that usually affect only the business owner. Some examples are:

1. Equipment malfunction or breakdown;
2. Loss of Income;
3. Loss of data and software;
4. Physical loss of hardware & software thru theft, fire, wind, vandalism, etc.

Third Party risks are losses that occur to the public due to negligent acts and omissions by the owner and/or employees. Some examples are:

1. Infringement of intellectual property rights (trademarks, copy rights, etc.)
2. Breach of confidence or infringement of privacy;
3. Misuse of information that which is either confidential or subject to statutory restrictions of use;
4. Defamation;
5. Inadvertent transmission of a virus;
6. Liable & slander.

To illustrate more vividly the potential for damages, here are just two examples of 3rd Party claims.

1. A disgruntled employee of a major consulting firm downloaded malicious code onto the networks of the firm, its clients and vendors. The code launched confidential information into the public domain and destroyed some critical corporate applications resulting in more than \$10,000,000 in 3rd party claims.
2. In an effort to drive additional users to its site, an online retailer registered meta tags that identified its firm with the names of its competitors. Upon discovery of the incident, competitors sued the retailer for

counsel, and is the owner of MAASLAND, LLC. The company builds custom homes and does remodels additions and tenant improvement projects for clients interested in living and working in energy efficient and healthy environments. The company offers its clients different levels of green building. Many of the green building practices the company promotes don't cost its clients anything extra to implement. Other items add minimal to moderate expenses, but usually these expenses are recaptured over time due to lower utility bills and tax incentives. To learn more about the company's green building philosophies or to reach Francis call 520-250-1420 or visit [www.maaslandllc.com](http://www.maaslandllc.com).

### **MANAGING YOUR MONEY**

## **Saving Money on Insurance**

by Scott Radtke

Insurance premiums are becoming a significant expense. With the economy putting a squeeze on personal and business budgets, people often ask me how they can lower their insurance premiums. Here are a few ideas that I've shared with customers in the past.

Raise your deductible. This is the amount of the loss that you are responsible for before your insurance company starts to pay a claim. The higher the deductible, the more you can save on your premiums.

Purchase your home and auto policies from the same insurance carrier. By carrying both policies through the same carrier you can save between 5 to 15 percent.

Maintain a good credit record. Insurers are increasingly using credit history as an indicator of risk. Pricing and eligibility depend on your credit information. Obviously you will want to keep your credit rating strong. But it's also important to

copyright infringement resulting in 3rd party damages of \$1,300,000.

In summary, Cyberspace Internet Liability addresses the first and third party risks associated with e-business, the Internet, networks and informational assets. My suggestion would be to discuss risk management issues with your insurance agent and determine if you are a candidate for a Cyberspace Internet Liability insurance policy. Unfortunately, there are individuals and businesses all over the world finding new, largely beneficial, but sometimes destructive ways to use the internet.

### **MARKETING TIPS**

## **Good Marketing**

by Heather Pickard

"Good Marketing" has fallen by the waist side. When I think of "Good Marketing", I think of a way to make people compelled to purchase your product. Any sort of marketing should have one objective, to drive people to take action. There have only been a hand full of companies that have been successful at this, and the one that comes to mind first is Apple.

Apple's products are amazing and I would probably buy their iPhones or iTouches no matter what. The reason that I felt the drive to run out the door and be the first in line to purchase one of their iPhones is because of their marketing. They have used commercials, print ads and etc. to spread their word. By using different

check your credit record on a regular basis for errors or fraud.

Reduce coverage on older vehicles. Consider dropping comprehensive and collision on older vehicles. Make your decision by comparing the cost of coverage to the current market value of the vehicle. An industry rule of thumb: remove the coverage if your vehicle is worth less than ten times the annual premium cost.

Make your premium payment electronically. Most insurance companies charge a billing fee for mailed payments. Consider having your payments deducted automatically to avoid these fees. Some companies will even deduct if from a credit card so you don't have to worry about the money being in your bank account when payment time comes.

De-register vehicles you're not using. If you have fleet vehicles sitting with no plan to drive them in the foreseeable future, consider de-registering them with the DMV and removing liability coverage. It doesn't make sense to pay insurance premiums on a vehicle that is parked. Once business picks up and you need to put the vehicle back in use, just re-register the vehicle and add liability coverage back on.

### **HEALTH AND BENEFITS**

## **High Deductible Health Plans**

by Josh Hilgers

High Deductible Health Plans (HDHP's) are growing by leaps and bounds. Since their introduction in 2004, millions of Americans have discovered the freedom and security of H.S.A. qualified HDHP's. Experts predict these plans will become the norm rather than the exception over the next 20 years. If you have already bought into the concept, or are considering moving to one of these plan designs the

types of advertising/media, they made me realize what I am missing out on by not having an iPhone. The strongest campaign that Apple came up with, was showing what their product could do that none of the competitors could compete with. By making the public feel inadequate about their current devices drove in millions of customers to the Apple stores.

First, Apple's campaign was targeted towards showing the differences in their products vs. everyone else's. Then came the ads that made you feel empowered to be one of the lucky few to get their product. After many weeks of those campaigns, came the "how cool" and "complete" their clients were by having one of their products. Everyone remembers the application commercials that showcased the different ways that the iPhone customer could use their phone to find restaurants, figure out who is singing the song on the radio and many others. Those ads were extremely powerful in the sense that their customers would start showing off their "cool" applications that they found to others.

The first lesson to be learned here is how to manage peoples feelings and emotions through marketing. The second, being able to be successful at seeing the whole picture and coming up with a timeline for the entire marketing campaign from start to finish. This is the only way to have a "Good Marketing" scheme.

follow steps should insure your success.

### 1. Contribute to your H.S.A.

While this sounds simple it is the number one reason for poor reviews of high deductible plans. 81% of the US population spends less than \$1,000 a year on medical care. By contributing at least \$1,000 a year to your H.S.A. the majority of Americans could possibly cover most of their health care costs. The maximum you can contribute in 2010 is \$3,050 for an individual, \$6,150 for a family, and additional \$1,000 for those over 55. By fully funding your H.S.A. you can take advantage of one of the greatest tax savings tools the government has ever given us. Nicknamed "Super IRA" the money in these accounts can be invested and drawn upon following the same regulations as IRA's with one exception, all medical expenses are completely TAX FREE!

### 2. Cover the Gap

The gap we are referring to is, at a minimum, the amount of the deductible you choose. Accident and Critical Illnesses make up over 87% of all major claims. For a very small premium you can purchase a policy to pay for any accident or critical illness expense up to the deductible, or more, without you having to use any of the money accumulated in the H.S.A. This not only covers any exposure you may have during the first few years as your H.S.A. is funded but, protects that money once it is in there for a small premium.

### 3. Shop Around

The whole concept of consumer driven health care is that consumers become more involved in where their health care dollars are going. More and more clinics and primary care offices are providing a fee schedule for their most common procedures. New tools on the internet rank doctors by both quality and cost factors. There are usually more than one

## DEALING WITH STRESS

### Stress Management by Verna Capiola

There are many causes of stress, it could be one or a combination of some of the following: financial stress, health burdens and concerns, over extended at home and/or work. Regardless of what the cause is, there are a few simple steps we can take to help reduce the stress.

1. Eating a balanced meal and avoid too much sugar which causes and overload on your body.
2. Drinking plenty of water, this helps rid your body of toxins and also keeps your vital organs functioning better since our body is comprised of lots of water.
3. Good nights rest, there are different opinions on what is optimal but most experts agree between 7-8 hours a night, consistently.
4. Exercise, this helps the body in many ways by building leaner muscle, releasing endorphins which make you feel better and when you do exercise you sleep better since it creates more of a balance for your whole body.
5. Spend quality time with family and friends.
6. Take needed time off for vacations.
7. If you need to talk with someone about your concerns, seek a professional counselor for help. Just having a professional person to listen and discuss your situation can help you to work

alternative to procedures or prescription drugs. Do your homework like you would when you are making any other purchase.

#### 4. Change your Behavior

Using the money in your H.S.A. for wellness/preventative care will require a paradigm shift. Most people really have "sickness insurance" not "health insurance". The majority of traditional insurance plans are designed to pay only when something happens rather than to help prevent things from happening. With the H.S.A. you can use tax free dollars for smoking cessation programs, weight loss programs and a long list of other services or products that are designed to help keep you well. Take advantage of these great benefits to not only save money but, to help you feel your best.

#### 5. Invest

Take full advantage of your H.S.A. contributions by letting the power of compounding interest go to work for you. The money in your account can be invested in stocks bonds or mutual funds. Over the course of 25 years a family contributing \$3,000 annually to their H.S.A. and averaging a 9% annual return while using \$750 per year would result in a total account value of close to \$250,000. A popular technique is to "vault" your claims. With this technique you pay for the claims out of your family's checking account with after tax dollars allowing the money to stay in the account and earn interest. Years later you can present your claims for reimbursement from the H.S.A., after that money has had a chance to grow tax free. Assume my family has \$1,000 worth of claims every year over the next ten years. At the end of the ten years that total equals \$10,000. By leaving the money in the account there would have been an additional \$8,928 in tax-free growth - after you take your \$10,000 out. This example is based on an average contribution of at least \$1,000 and an annual return of 9%.

through some of your concerns.

Once you can put some of these steps in place to help reduce the stress, it would be wise to follow up with what is causing the stress. Maybe it is something you can avoid altogether or at best help control the levels of stress. Some causes of stress there is nothing you can do about but learn to manage it better. Identifying the causes allows you to better prepare for the situation and learn to deal with stress that is present in your life.

You don't have to live feeling stressed, it just takes being aware of the factors present and making a few lifestyle changes that will not only reduce the stress but your body will be performing better now and as you grow older.

#### **A CLOSER LOOK**

#### **Coinsurance by Neal Frisinger**

Coinsurance. What is it and how can it affect my policy or claim? The coinsurance condition could be defined as "a condition in a policy that requires the insured to carry insurance equal to the replacement cost of the inventory in question or at least a specific percentage of the replacement value of the inventory to be insured" (1). Many policies carry a coinsurance condition, and typically the percentage required is located in the declarations page of an insured's policy. The coinsurance clause can be 60,70,80,90,100, or even 125% depending on the underwriting guidelines of the

### **BUSINESS FEATURES**

## Stringent Certificate Requests on the Rise...Changes Later This Year by Joey Ingegneri

Like many things, trends in the insurance industry are largely driven by current economic conditions. As more and more businesses are struggling or going under, it has left others holding the bag when problems arise. In order to cover themselves, most companies require certificates of insurance from others that they do business with. It is becoming much more common that companies also request a whole slew of other requirements.

A certificate of insurance merely provides evidence to one party (the certificate holder) of insurance coverage held by another party. It is important to note that a certificate of insurance is only evidence of insurance coverage in effect at the time the certificate is issued. In light of this, there have been several cases in which companies obtain certificates of insurance, but when claims arise, are informed that coverage has been cancelled or is no longer in effect. Instances like this have driven general contractors, government entities, building owners and others to add more stringent requirements to their contracts. This affects many of you, making it more and more difficult to meet the requirements. Some lawyers, when drafting contracts go so far as to include requirements that they know are highly unlikely to be met.

Many contracts are starting to require not only the certificates of insurance, but also actual policy endorsements, forms and letters outlining coverage. As this trend continues, we at The Schneider Group are here for you. We will help review the requirements and work directly with the requestor

insurance carrier and an insured's specific need. This clause encourages the insured to assess more accurately the limits they actually need to be insured to value, as there can be a penalty to the insured if it is not met. The benefit in reviewing their inventory and giving proper thought as to what the cost would be to actually replace that inventory means, they will be properly insured if a loss occurred. The goal of insurance is to indemnify, or bring the individual or company back to where it was before the loss occurred. Remember that when you have an insurance policy, you are paying a smaller certain premium in exchange for a possible greater loss to be covered.

The coinsurance clause was put into place to prevent insureds from getting less coverage than was necessary. In times past after a loss, there was an expectation to be reimbursed for higher claims even though they were not paying for the proper coverage throughout the policy year. Money, or the loss of money can be a great motivator. If your policy does not meet the coinsurance requirement and one is required, there may be a monetary penalty imposed. If the coinsurance clause is met, then the insurer will pay out the loss (always up to the limits of the policy), minus the deductible. Always be aware of what is in your policy, know what your limits are and if there are any conditions applicable to your policy. If you are not sure, it is always wise to ask your insurance agent for a short review of your property coverages.

on issues that arise. Later this year the standard Accord certificate is being changed. This will have wide spread implications for all of us. Here at The Schneider Group, we will keep you up to date on these changes and assist as they are implemented. We will be sponsoring a seminar in September to give you much more, in depth information about these changes and direction in dealing with them. You won't want to miss this FREE seminar. Please stay tuned for the exact date and time.

(1) - Aicpcu IIA; Commercial Insurance

### *PERSONAL LINES*

#### Appraisal (Market Value) vs. Replacement Cost of your Home by Verna Capiola

Every week our department answers this question with our clients: Why is the insurance coverage on my home still increasing each year when the appraisal and/or market value is decreasing? This is a valid question in today's market, once we talk with our clients and go over why these two figures could vary drastically the client has a better understanding of this and is more informed and better equipped to ensure their home is adequately insured in the event of a loss.

Let's review what are some of the key factors involved in an appraisal of your home to determine real estate market value. The appraisal has valuable information because it gives the square footage, type of construction, attached and detached structures, interior features and location of the home. The appraisal also includes comparable homes for sale or recently sold in that area and a value for the land, which neither of these items have anything to do with the replacement cost of your home, but can have a big impact on the appraisal value.

When determining the replacement cost of your

home here are some cost guide features that go into this value. Exterior: foundation type, roof material, exterior walls, garages or carports and attached structures. Interior: kitchen features, number of baths, fireplace, HVAC, floor finishes, wall finishes and special features which helps us determine any customs or upgrades. A home replacement value can vary from neighbor to neighbor based on the type and quality of upgrades done in a home. Location can be a key factor if in a harder to build area or a remote area due to the extra cost to access the building site.

In times such as these where land values and comparable market values have dropped, it will affect your appraisal value of your home. Where four to five years ago it was just the opposite and homes were being insured for less than the appraisal/market value. Building cost have not dropped considerable and in some cases materials have continued to increase. It is very important that your home be insured for what it would cost to rebuild the entire structure in the unfortunate event of a total loss. Even if you have a partial loss and your home isn't insured adequately you could be penalized for the partial loss.

If you have any concerns about your home being underinsured or you would like to discuss this topic in further detail please give us a call and we will be happy to assist you. Ultimately insuring your home for the proper coverage rest upon each homeowner, but we have some tools and industry information to help guide you with this decision.

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