

## Insurance Essentials: Your Questions Answered Symposia Series

AUSTIN, TEXAS • NOVEMBER 20, 2014



Local professionals shared insights and answered audience questions about buying, financing and insuring a home in the Austin area.

### Opening Remarks

Curtis Page, Managing Director,  
Higginbotham Insurance &  
Financial Services, Austin

### Panel Discussion

Moderator – Joan Woodward,  
President, Travelers Institute;  
Executive Vice President, Public Policy,  
The Travelers Companies, Inc.

Mark Ambrose, General Manager of  
Sales and Business Development,  
ABC Home & Commercial Services

Sean Patrick Condon,  
Private Mortgage Banker,  
Wells Fargo Private Mortgage Banking

Eric Copper, Broker,  
Austin Portfolio Real Estate

Mary Russell, Managing Director,  
Personal Insurance/Chief of Administration,  
Higginbotham Insurance &  
Financial Services

### Closing Remarks

Felipe Cantù, Senior Partnership Account  
Executive, Austin Chamber of Commerce

The [Travelers Institute](#), Travelers' public policy division, continued its national Insurance Essentials: Your Questions Answered symposia series on November 20, 2014, with a visit to Austin, Texas. Alongside [Higginbotham Insurance & Financial Services](#) and the [Austin Chamber of Commerce](#), local professionals were available to answer insurance-related questions from the audience.

Joan Woodward, President of the Travelers Institute and Executive Vice President of Public Policy at Travelers, shared findings from the [Travelers Consumer Risk Index](#), a national survey to help identify Americans' perceptions of risk. The survey reveals that most Americans believe the world is getting riskier; Americans living in the South report the highest perception of risk compared with other U.S. regions.

Woodward moderated a panel discussion that explored the journey of buying, financing and insuring a home in the greater Austin area, and the various options available throughout the process.

Sixty-five percent of the audience identified themselves as a homeowner.

### Buying and financing a home

Austin is a seller's market, where purchase prices can often exceed initial listing prices, according to Eric Copper, Broker, Austin Portfolio Real Estate. He pointed out important affordability considerations in the Austin area, explaining that while average wages have increased by ten percent over the past ten years, home values have increased 35 percent in that time period and rent has soared with a 65 percent increase. Copper added that the average home sale price in Austin is \$308,000, up seven percent over the last year.



Mary Russell, Managing Director, Personal Insurance/Chief of Administration, Higginbotham Insurance & Financial Services, encourages attendees to consider increasing liability limits above state minimums to ensure coverage in an accident with an expensive vehicle.



Copper (right), Broker with Austin Portfolio Real Estate, describes the seller's market in Austin.

He also said that the city has seen construction on many new homes in recent years. For those interested in building a new home, Copper encouraged attendees to seek representation from a real estate agent. Agents can help negotiate with developers on perks and amenities beyond the price, such as landscaping. Inspections are key, Copper opined, and advised the audience to conduct inspections throughout the four stages of building: framing, plumbing, electrical and final inspection.

Given Copper's assessment of the market, Sean Patrick Condon, Private Mortgage Banker, Wells Fargo Private Mortgage Banking, encouraged individuals to talk to a lender before bidding on a home so they can secure a pre-approval letter for a loan.

Recent financial reform legislation requires borrowers to meet tighter debt-to-income ratio standards and reserves criteria. Condon explained that reserves are savings beyond what is required for the down payment and associated closing costs.

Before closing on a home, Mark Ambrose, General Manager of Sales and Business Development, ABC Home & Commercial Services, urged the audience to select a reputable company to inspect the house. He recommended buyers complete a thorough walk-through of the home with the inspector to identify other potential issues. Ambrose also suggested that prospective buyers enlist a professional to conduct a wood-destroying insect report to identify any history or current presence of termites.

Mary Russell, Managing Director, Personal Insurance/Chief of Administration, Higginbotham Insurance & Financial Services,

encouraged home-seekers to talk to an independent insurance agent before closing on a home to ensure they get the proper insurance coverage.

#### Homeowners Insurance

While just 12 percent of the audience reported they had a documented home contents inventory, Russell emphasized its importance for both homeowners and renters.

She explained that the inventory does not have to be an itemized list, but recommended that individuals, "go through every room, every closet, open the doors, open the drawers, and take photos... put those away in a safe deposit box, don't leave it in the house...store it off premises." In the event of a claim, policyholders can refer to that list when speaking with their insurance company and ease the process.

When selecting homeowners insurance, Russell cautioned the audience to insure their homes for the replacement cost and not the market value. She encouraged attendees to get a replacement cost evaluation every few years. When asked about insurance needs if building a new home, Russell said that one insurance coverage option is builders risk insurance, which can be purchased individually or through the builder's policy.

Russell explained that savings on homeowners insurance can be found on the front end by lowering premiums and increasing deductibles, yet advised against raising deductibles so high that it becomes unaffordable in the event of a claim. Condon said that a financial advisor could help identify the best strategy for each policyholder.

**“Independent insurance agents [are] going to have a number of insurance companies and a number of products, so that they're putting together that package of insurance that fits your needs.”**

– Mary Russell, Higginbotham Insurance & Financial Services



Panelists (L to R) Sean Patrick Condon, Private Mortgage Banker, Wells Fargo Private Mortgage Banking; Joan Woodward, President, Travelers Institute; Mark Ambrose, General Manager of Sales and Business Development, ABC Home & Commercial Services; Russell; Copper

### **Auto Insurance**

Russell said that liability limits generate the most confusion for auto insurance shoppers, adding that each state sets minimum limits. Liability coverage covers damages caused by an individual in the event of an accident. There are two types of liability coverage: property damage, which covers damage to a car or other property, and bodily injury, which covers costs associated with injuries caused. Both types also cover legal defense in the event of a lawsuit.

Texas law sets the minimum liability limits at 30/60/25 coverage, meaning drivers are required to carry \$30,000 for each injured person, \$60,000 for each accident, and \$25,000 for property damage per accident. Despite this minimum requirement, Russell recommends purchasing a higher liability limit for added protection, in the event of costlier damages, such as those resulting from a collision with an expensive vehicle.

### **Umbrella Insurance**

Russell explained that umbrella coverage is an extra layer of liability insurance, providing coverage for circumstances like lawsuits for libel or slander. She encouraged attendees to purchase an umbrella policy, stating that prices are typically around \$120-\$200 a year for \$1 million of coverage. “That can cost less than one hour of an attorney’s services,” she stressed.

To learn more about insurance coverage options, review the [Travelers Institute Insurance Guide](#).



### **The Travelers Institute®**

Travelers established the Travelers Institute as a means of participating in the public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the industry expertise of Travelers' senior management and the technical expertise of its risk professionals and other experts to provide information, analysis and recommendations to public policymakers and regulators.

### **Higginbotham Insurance & Financial Services**

Higginbotham Insurance & Financial Services is a single source for insurance, risk management and financial services that provides access to commercial and personal property/casualty coverage, employee benefits, retirement plans, life insurance and executive compensation through more than 250 regional and national carriers. The firm was founded in 1948 and is headquartered in Fort Worth, Texas, with more than 20 additional offices statewide.

### **Austin Chamber of Commerce**

The mission of the Austin Chamber of Commerce is to provide leadership that facilitates the creation of a prosperous regional economy and effective advocacy for its 3,000+ members. For more information about the Austin Chamber of Commerce visit [austinchamber.com](http://austinchamber.com).