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## **HOLIDAY SHOPPERS MISINFORMED ON INSURANCE COVERAGE FOR HIGH-TECH GIFTS**

*New survey finds 96 million households lack key knowledge on protecting electronics*

WASHINGTON, D.C., Nov. 20, 2007—As the holiday shopping season unofficially kicks off this week, about 42 million American households plan to give or receive high-tech electronic products this year. However, about seven out of eight households don't fully understand key aspects of their insurance coverage for these purchases, according to a new national survey by Trusted Choice<sup>®</sup> and the Independent Insurance Agents & Brokers of America (the Big "I").

For the survey, respondents were asked if they were going to purchase or receive electronics, including iPods and iPhones, video gaming systems, computers and plasma televisions, during this holiday season. In addition, when asked, only about one fifth of survey respondents reported ever contacting their insurance agent with questions on coverage for high-tech electronic products when they purchased them in the past.

"With so many people giving and receiving electronics this holiday season, it is important for consumers to understand how to protect these gifts," says Big "I" President & CEO Robert A. Rusbuldt. "In fact, any time people acquire an expensive or unusual item, we advise they consult with their Trusted Choice<sup>®</sup> independent insurance agent. This new research shows us not enough consumers are doing that."

The survey also presented respondents with five questions about insurance coverage for high-tech home electronics. An overwhelming seven out of eight households (96 million) answered at least one of these questions incorrectly.

"As our research shows so frequently, most consumers don't fully understand their insurance policies," says Madelyn Flanagan, Big "I" vice president for education and research. "Making matters worse, with the ever-changing technology of these types of electronics, consumers need to keep in mind that policies may not always reflect the latest features."

The good news for consumers is that most electronic gadgets are typically covered under the standard homeowners or renters policy. However, there are some common and important exceptions that many consumers don't understand. Look out for coverage limitations and exclusions in these situations:

- **Digitally- downloaded data:** These are not generally covered under the usual homeowners or renters policy. Consumers need to think about the value of their iTunes, downloads, and other data, as well as the time it would take to recover that material. Even in cases of fire, windstorms, and theft, when your computer is covered, downloads are *not* usually included. Although a few companies now offer some coverage for digital data, that coverage is limited and may not allow for full replacement or re-creation of digital material. Consumers should consult an independent agent to find out what insurance options and protection they have. Trusted Choice<sup>®</sup> independent agents suggest backing up information to multiple locations or to a portable storage device to secure and safeguard that material against any disaster.
- **Electrical power surges:** According to the new survey, more than half (55%) of Americans mistakenly believe that their insurance coverage would protect their electronics in the event of an electrical power surge. However, the vast majority of renters and homeowners policies *exclude* sudden loss or damage to electronics from changes in artificially generated electrical current. Ask your Trusted Choice<sup>®</sup> independent agent about insurance options including specialty electronics policy and whenever possible, use a surge protector or invest in an uninterruptible power supply (UPS) to protect against power surges or outages resulting from them.
- **Know your deductible:** For most standard homeowners and renters policies, the usual deductible is higher than the cost of many single electronic gadgets. For example, if your iPod, cell phone, or portable gaming system is stolen, the replacement cost might not meet your deductible. About 52% of survey respondents were incorrect by thinking they could usually rely on their insurance policy to recoup this type of loss. Talk to your agent and discuss the proper deductible for your individual circumstances. A Trusted Choice<sup>®</sup> agent can help you understand how changing your deductible affects your insurance premium and what the best choice is for you.
- **Examine your exclusions and know your perils:** Although electronics gear is typically covered under a homeowners or renters policy, the same exclusions apply to these items as to the rest of your policy. Your electronics *will not be covered* in cases of flood, earthquake, mudslides, and some other specific disasters or circumstances. For example, if your new plasma TV falls off the wall because you hung it improperly, or if you drop your new computer while carrying it into your home, you are probably not covered. In addition, before making a particularly large electronics purchase, consult your independent insurance agent to determine if you need a special policy.
- **Business use:** Homeowners and renters policies were designed for just that-- homeowners and renters use. Coverage for computers and other electronic items used for business in the home is often very limited (usually \$2500 on premises and \$250 for items outside of the home). Discuss purchasing an in-home business

policy with your Trusted Choice<sup>®</sup> agent to make sure that you have the protection you need for any electronics you use for business purposes.

- **Gift cards:** Holiday shoppers nervous about giving electronics that could be an insurance risk may choose gift cards instead for their friends and loved ones. They should be aware, though, that most homeowners and renters policies treat gift cards the same as cash, reimbursing just \$200 *in total*, no matter how many cards you may have had lost or stolen. Be sure and save all receipts and find out the store's own policy for lost or stolen cards at the time of purchase.

A Trusted Choice<sup>®</sup> agent can explain complicated insurance policies and discuss with you other ways you can keep your electronics and data safe.

For a copy of the complete survey results, please contact Pat Royal (print) at 800-221-7917; [patrick.royal@iiaba.net](mailto:patrick.royal@iiaba.net) or Sue Nester (broadcast) at 800-221-7917; [susan.nester@iiaba.net](mailto:susan.nester@iiaba.net).

**About Trusted Choice<sup>®</sup>:** Trusted Choice<sup>®</sup> agencies are insurance and financial services firms. They represent multiple insurance companies, offering individuals and business owners a variety of coverage choices, customized insurance plans to meet specialized needs as well as advocacy support. These firms adhere to a pledge of performance, committing them to providing excellent customer service. Go to [www.TrustedChoice.com](http://www.TrustedChoice.com) and click on “Find a Trusted Choice<sup>®</sup> Agent” on the homepage to locate the right agency for your needs.

Founded in 1896, the Big “I” is the nation’s oldest and largest national association of independent insurance agents and brokers, representing a network of more than 300,000 agents, brokers and their employees nationally.

*The survey was conducted for Trusted Choice<sup>®</sup> via telephone by TRC, an independent research company in Fort Washington, Pa. Interviews were conducted during October 2007 among a nationally representative sample of 750 households. The margin of error is +/- 3.7 percentage points at the 95% confidence level. More information about TRC can be obtained at [www.trchome.com](http://www.trchome.com).*

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