



The COMMUNICATOR

Davis - Garvin Insurance Agency

The Davis-Garvin Insurance Agency is pleased to present you with the second edition of our corporate newsletter. We hope the articles in this and future editions will provide insight into an array of insurance and financial matters, and we urge you to contact us with questions and comments.

Our agency provides commercial and personal insurance, as well as, investment and benefit planning for individuals and corporations. Our goal is to provide excellent service, competitive pricing, and products tailored to meet the special needs of each client.

Davis-Garvin Insurance Agency

1 Fernandina Court
Columbia, SC 29212

Tel.: 800-845-3163

Fax: 803-781-3072

info@davisgarvin.com
www.davisgarvin.com

Message from the President

It is an exciting time at Davis-Garvin. As you are probably aware, the Davis-Garvin Companies have been acquired by North Pointe Holdings Corporation of Michigan. You have heard the saying, "the more things change, the more they stay the same." This saying is sometimes used to describe a less than perfect situation. However, in this case, the saying has a very positive meaning. We are excited about our relationship with North Pointe and look forward to working with our new owners.

I make this promise to you, ***our ownership has changed but our commitment to providing excellent service to our customers will not change.*** Our name, management and operating philosophy will remain the same. Hinton Davis will continue to be involved with the company in a very active way. His knowledge of this industry will continue to be a valuable asset. The people of Davis-Garvin whom you work with on a day-to-day basis will remain the same. Their understanding of your specific needs will not be lost. Our belief in treating people with the respect and dignity they deserve will not change. We have been around for more than twenty-five years and plan to be around for many more.

I mentioned our operating philosophy will not change which means we will continue to identify and implement changes which will better serve you. Our goal will continue to be to meet and exceed your expectations. We must continue to improve our understanding of your business and the issues you face. We must continue to work with you to address your concerns. We must earn our desired role as your trusted business advisor. Not only do we have to deliver the results you expect but we have to deliver them in the manner that best meets your needs.

I assure you that we value your relationship. If we are not meeting and exceeding your expectations, I want to know. You can call me at (803) 732-0060 to discuss anything that will improve our service to you. I hope you enjoy this issue of The Communicator and we look forward to working with you to address your insurance needs.



Sincerely,
Mark E. Fryer
President

Have You Prepared Adequately for Retirement?

Advances in health care and a better understanding of diet and fitness are allowing people to live longer than ever. As a result, retirement has become a whole new stage of life. And like any other life stage, you need to plan for retirement to get the most out of it.

The best way to start planning is to determine what you want from your retirement. Are there things you would like to accomplish that you never had the opportunity to complete in the past? Make a list of your goals. Then ask

yourself if these are goals you're really willing to work toward. The answer to these questions will have important financial implications. Only after

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Is Your Trucking Company Adequately Insured?

The very nature of the trucking industry makes it susceptible to many risk factors. That's why trucking companies require a number of insurance policies. Of all the coverages a trucker needs, the auto liability policy is probably the most important. When a carrier underwrites this type of policy, the primary factors reviewed are the operation's loss history and safety/loss-control procedures. The carrier also looks at the number of insured trucks, the radius of operation, and the cargo being hauled.

Many trucking companies buy **excess coverage** over their primary liability limits. To determine how much liability coverage is appropriate, you should look at your company's net worth and the value of your fleet and terminal properties, because these are the assets at stake. Even though the cost of excess liability coverage is still high, it is well worth the price in the event of a large loss.

Physical damage insurance on trucks is typically written on an actual-cash-value basis. A carrier who underwrites a policy of this kind will examine the amount and type of equipment, driver-safety procedures and past claims.

An insurer's primary consideration when underwriting **cargo insurance** is the type of freight the trucking company hauls because some loads can be worth millions of dollars. The carrier will not only look at the value of the loads but also whether the trucker uses escort services. The insurer will also map out truck routes to determine risk factors such as the clearance under overpasses, and how much traffic there is en route.

Truckers should also consider buying **pollution insurance**, whether they haul hazardous cargo or not. The pollution exclusion in the typical truckers liability policy provides no pollution coverage for losses caused by an "irritant or contaminant." That's a general term that extends beyond the standard definition of hazardous material.

Workers' compensation is another necessary coverage. A big determinant in the amount of premiums a company will pay is whether drivers load and unload their trucks. If they do, it increases the potential for large claims from serious injuries. If loading and unloading is unavoidable, you should provide employees with training in the correct procedures in order to reduce risk.

Currently, there's a significant shortage of drivers in the trucking industry and companies are fighting to retain drivers. One way to keep drivers happy is by offering a cost-effective, comprehensive insurance package. This allows owner-operators to choose if they want to participate and they can also pay for their coverage through monthly deductions from their paychecks.

One of the coverages in a typical owner-operator package, occupational accident & health, does have some additional considerations attached. This coverage is meant to serve as a substitute for workers' compensation insurance. As sole proprietors

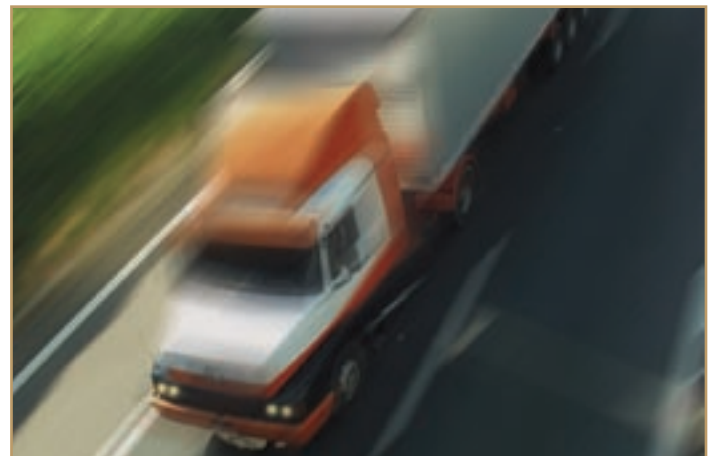


and independent contractors, drivers are not required to purchase workers' compensation for themselves. However, they still need coverage for sickness and job-related injuries, which is the reason for **occupational accident & health**. In some jurisdictions, however, a state workers' compensation auditor may rule that drivers who lease themselves to trucking companies are employees of the trucking company, not independent contractors. In that case, an auditor will not be satisfied with the occupational accident & health coverage, unless the driver also has statutory workers' compensation insurance. In states where drivers are considered employees, or where the issue has not

been resolved, a trucking company has three options:

1. Have the drivers buy their own workers' compensation policies, provided the jurisdiction permits this option.
2. Cover the drivers under its workers' compensation policy.
3. Offer the owner-operators a package with occupational accident & health and a workers' compensation backup. The workers' compensation must be a statutory policy, not contingent workers' compensation insurance, which does not pay benefits until a court makes a determination that a claimant is an employee.

If you would like more information about trucking coverages or would like to review your current trucking insurance program, please feel free to contact Herb DeCuers at 1-800-845-3163.



Taking Another Look At Flood Insurance

According to an August 2006 article published on SmartMoney.com, the Federal Emergency Management Agency reported that only 40 percent of all residents in the flooded areas hit by Hurricane Katrina were covered by flood insurance. The majority of those insured were required to have the coverage in order to obtain a mortgage.

The other 60 percent who didn't have flood insurance fall into two main categories: renters and homeowners without a mortgage.

The uninsured group faced a serious problem. Standard homeowner and renter's policies cover damage from wind or rain. These policies, however, don't cover damage as a result of flooding. These individuals' only recourse was to rely on federal disaster aid.

Flood insurance is available through the National Flood Insurance Program to any property owner living in an area with an established flood plan. The flood plan is used to gauge the community's vulnerability by creating an area flood map. Flood plans also help lessen some of the risk by establishing certain zoning and building policies, which include types of allowed construction, elevation at which building is allowed, permissible building materials, and construction reinforcement techniques.

The National Flood Insurance Program offers three different types of policies:

- The **Dwelling Form** insures one to four family residential structures and/or contents. This form can also be used to insure residential condominium units.
- The **General Property Form** insures residential buildings housing more than four families as well as non-residential and commercial buildings.

- The **Residential Condominium Building Association Policy Form** insures associations operating under the condominium form of ownership.

You may also purchase a **Preferred Risk Policy** designed for residential and non-residential properties in low-to-moderate risk areas. The policy can be written with one of several combinations of building and contents protections:

1. Renters pay \$39 per year for \$8,000 of contents coverage.
2. Business owners can buy \$50,000 of building and contents coverage for \$500 per year per building.
3. Business owners who lease their space can purchase \$50,000 of contents coverage for \$112 per year.

A recent change in the program has helped stabilize insurance costs. Areas that have sustained multiple, significant flood losses are being classified as Repetitive Loss Structures (RPLs). These structures are now grouped and rated separately from other insured structures. The government is working to lessen the number of RPLs, or at least eventually charge the owners higher premiums.

Finally, keep in mind that flood insurance is easy to obtain. While the federal government may administer the program, it is sold through regular insurance companies. To find out more about flood insurance, please contact Betty Bundrick or Alisa Stokes at 1-800-845-3163.

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you know what you want can you decide whether you have the financial resources needed.

Talk about your goals with your spouse and ask them to make a list of their goals. Be sure that both of you agree on the type of lifestyle you want to live. Once the two of you have agreed on the course your retirement will take, both of you should be involved in carrying out the financial strategies necessary to achieve it.

The next step is to decide if you have the finances to make your dreams a reality. Track your living expenses. How much are you spending each month? Keep a detailed record of exactly where your money goes. This record is important because it is the benchmark from which your retirement planning is based.

Review your net worth. What are your assets? Do you have substantial liabilities? Can you pay off those liabilities? If you are carrying a great deal of debt, it can diminish your ability to build much needed investments to help fund your retirement.

Calculate your retirement capital. These are the retirement revenue streams you have in addition to Social Security and any company pension(s). Retirement capital can include IRAs, company profit sharing plans, personal investments and savings, and annuities.

Using your current expenses as a benchmark, look at your net worth and your current retirement capital to determine if it will provide the financial stability you desire for retirement. Expenses like clothing and food will probably decrease, but medical expenses are likely to increase. Also look at your current housing costs and how they will impact your retirement finances.

If you are interested in retirement planning, please contact our Davis-Garvin benefits specialists Bob Ross or Kathy Perkins by calling 1-800-845-3163. Remember, if you fail to plan, you can plan to fail.



Company News

Congratulations to Steve and Rosa Bolin

~ Steve Bolin Logging, Inc. of Hamburg, AR. They were the lucky grand prize winners of the 7 Day Holland America Cruise for Two sponsored by Davis-Garvin and presented at the 2007 In-Woods Expo in Hot Springs, AR.

Congratulations to Dave Edwards, manager of Westervelt Wildlife Services, on being named the Quality Deer Management Association's 2007 AI Brothers Professional Deer Manager of the Year.



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