



CASE STUDY #1

Alex and Pam Rodriguez own a home in eastern Missouri that has a replacement value of \$250,000. It's located in a newer neighborhood that was recently developed near a river. The home is in a gated community and the Rodriguez family belongs to a homeowner's association that controls the property located in the community.

They have a mortgage of \$200,000 and have saved enough money to furnish the home with nice furniture, artwork, and some antiques. There is a pool in the backyard, a beautiful patio area, and a large gazebo. The four-car garage is detached from the house. Alex is an attorney in private practice and works out of an office located in their home. He has a part-time employee who comes to the house once a week. He earns approximately \$120,000 annually in his law practice. In addition, due to his occupation, Alex has been asked to serve on the board of directors of several local organizations, including the little league and the board of a private school attended by Alex and Pam's three children.

Alex is 45 and Pam is 43. She is an accomplished musician and provides music lessons in their home several afternoons a week. Pam is paid a modest amount for these lessons. She also volunteers to help in the children's classrooms at school as often as possible. Several years ago, Pam was diagnosed with multiple sclerosis (MS), but she is in a period of remission and is able to keep up a full schedule at this time. To help with the housework and children, the Rodriguez family employs a housekeeper 10 hours per week.

The Rodriguez children, Paul (age 17), Sara (age 15), and Alex, Jr. (age 10) attend a local private school. All are active in athletics and various after-school activities including band, dance, and martial arts. Pam frequently provides transportation to and from various school and other events for her children as well as others. Paul will graduate this year and will be attending a private four-year college in Southern Illinois in the fall. He will live in a dormitory on campus.

Pam drives a three-year-old SUV which is leased, and Alex owns a two-year-old Lexus convertible. Pam uses the SUV to run errands and take the children to school and other events. Since Alex works at home, his use of the Lexus is for pleasure and to drive back and forth to a client's home or office. Paul has a six-year-old Toyota which he will be taking to school with him. He uses it to drive himself and, occasionally, his brother and sister back and forth to school.

For recreation, the Rodriguez family often takes their ski boat out on the local rivers and lakes. The children are all avid water skiers and they frequently bring friends along. Alex, Jr. is a star shortstop on the local little league team, and Alex, Sr. helps to coach the team. Sara is very involved in music and dance and has appeared in some local stage productions. Pam is often asked to help with the productions due to her musical background. Paul was the captain of his school's swim team and has earned a partial scholarship based on his academic and athletic achievements.

QUESTIONS

- **What are the property loss exposures faced by the Rodriguez family?**
- **What are the liability loss exposures faced by the Rodriguez family?**
- **What are the personal (life and health) issues faced by the Rodriguez family?**
- **What could the family do to reduce its loss exposures?**
- **What type of insurance products should the Rodriguez' purchase?**
- **What type of deductible do you think they should use? Why?**