



# Managing Risk

A GUIDE TO INSURANCE

# Protecting Your Business

Managing risk in your business is not always directly related to financial, accounting or cyber security. It's equally important to think about the structural health of your buildings and facilities, preparing for possible damage from Mother Nature.

No matter the time of year, there is a slew of potential hazards that could impact your business. These include bad weather, lightning, natural disasters, fire or other emergencies that compromise the overall structural integrity of your buildings.

## STORM DAMAGE

Severe thunderstorms can be the biggest threat to your business. Not only do they have the ability to transform into a tornado within a moment's notice, but they often are accompanied by frequent lightning, high winds and hail. These factors can cause physical damage to your property and leave equipment in danger. Different areas of the country experience varying storm threats, so it's important to look at the most common to your area so you can build a



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solid plan of preparation.

### WHAT'S YOUR PLAN?

If there is a possibility of long-term disruption to your business, a contingency plan is critical. Proper preparation is key to quickly recovering from damage and minimizing the overall impact on your business. Make sure your plan includes the accommodation

of employees and the transition into a temporary location that will help you keep operations running as smoothly as possible. You should also understand which local insurance and emergency relief agencies you'd be working during response efforts.

### PLAN AND TAKE ACTION

Once you have created

plans to respond to disasters, it's time to put into place all of the necessary parts of your plan. Follow these examples of advance preparations from the Better Business Bureau:

- Backups of important information. This may include insurance documentation and computer hard drive backups to make sure you don't lose valuable data that is crucial to

your business.

- Spare equipment stored offsite. This is dependent on the type of business you are running.

- Copies of disaster and recovery plans for all employees so there are no communication gaps if disaster strikes.

- Arrangements for alternative workspace or backup locations.

# Switching Auto Insurance

If you're overpaying for auto insurance and not receiving adequate coverage, it may be the perfect time to switch providers. The marketplace is more competitive than ever before, which has driven prices down and increased the quality of many auto insurance plans out there.

When you begin shopping for a new provider, consider the state you live in. Louisiana, Michigan, Florida, New Jersey and New York were deemed the most expensive states in terms of auto insurance costs, according to a 2019 study by the National Association of Insurance Commissioners.

Working with your local insurance providers to find the best deal should be a painless experience that can result in big savings for you and your family.

## PLAN ACCORDINGLY

Switching your auto insurance policy can be a time-consuming exercise, especially on the front end. You'll have to spend time with your new potential provider going through your driving history, vehicles' make and model, and other key details. Carve



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out at least an hour of your time to focus on scouting new insurance companies. Once you find one that works for your budget and insurance coverage needs, you'll also need to dedicate some time to studying your new potential policy.

Read the entire contract so you fully understand the pricing breakdown and specific coverages you will receive.

## COVID-19 RELIEF

Many auto insurance companies are reimbursing policyholders portions of their monthly payments due to the travel restrictions and decreased amounts of driving during the COVID-19 pandemic.

When shopping for a new policy, ask what kinds of pandemic relief plans the company has in place. You should

also inquire about any other deals or policy reduction policies they offer. Every dollar counts when trying to lower your overall monthly expenses.

## REQUEST YOUR REFUND

Most auto insurance policies are not bound to a specific contract timeline. If you've found a better deal elsewhere, you should be able to cancel

and switch anytime. Check with your insurance provider on this detail. If you decide to cancel in the middle of a cycle, your insurer should refund you the unused portion of your premium. Ensure this is true by asking your provider their policy on refunds due to switching policies. The only factor that may hold this up is if you have made a claim and are waiting on the results.

# Finding a Great Agent

When looking for new insurance or managing your current policy, a solid local agent will be your best friend.

They understand the lay of the land in your region and can help you find the insurance solutions that best fit your needs, whether you're looking for home, life, automotive or business insurance.

But how do you find a good local insurance agent, especially if you're starting from scratch? Read on for tips on landing the perfect local agent for your insurance needs.

## TRUST WORD OF MOUTH

One of the best ways an insurance agent builds his or her client base is through word of mouth. Good reviews travel fast – especially locally – so trust the experiences that your friends and family members have had with local agents. Once a local agent or insurance firm has been recommended by your network, do more homework on how long the business has been in operation and how active they are in the community. These factors will tell you a lot about the credibility and longevity of the firm.

## INTERVIEW PROSPECTIVE AGENTS

When shopping for a new agent, be sure to interview at least two or three before mak-



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ing your decision. You can do this remotely or in the office. Here are some questions to kick off conversations with your new potential insurance agent:

- Are you a direct agent or an independent agent?
- What are your credentials and what is your experience?

- What coverages do you offer?
- What areas do you specialize in?
- Can you provide customer references?

## THINK LONG-TERM

A good agent will keep an eye on how your insurance

requirements may change over the years. As you add property, vehicles or additional homes to your portfolio, you'll likely have to make ongoing changes to your insurance policies. That's where working with someone you trust is a big advantage.

Look for agents with

advanced designations such as Chartered Property Casualty Underwriter, Certified Insurance Counselor (CIC), Chartered Life Underwriter (CLU) or Accredited Adviser in Insurance (AAI). This will ensure they will be ready to help you as your insurance needs shift and evolve.

# If You Lose Your Health Insurance

With record numbers of people out of work due to the COVID-19 pandemic, health insurance has become a problem for many across the United States.

The conflict between paying for an expensive policy or not paying for a policy at all has been front and center in the health care reform discussions happening at federal, regional and local levels. Until major change is achieved by lawmakers, it's up to you and your local health insurance agent to help you better navigate the market to find great coverage.

## CHECK YOUR POLICY

If you are insured by an employer, it's important to understand your coverage in the face of a layoff or furlough during these challenging times. Furloughed workers may still have health care benefits. In many instances, an employer stops paying the employee's salary, but their health insurance benefits remain unchanged.

However, if the furlough is extended, employers may eventually cut off health insurance benefits. Keeping a transparent line of communication open — both with your insurance provider and your local broker or agent — is the best way to stay on top of



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changes or updates to your policy.

## WORK WITH LOCAL AGENTS

During stressful moments like losing your job or being placed on furlough, you'll want to depend on local health insurance professionals to navigate through your options for keeping you and

your family insured. Ask your family members and friends who they use to manage their health insurance policies. Check your local newspaper for advertisements or stories on insurance companies in your area.

## WHAT IS COBRA?

A COBRA policy is basically a continuation of the insur-

ance you get through your employer. Exiting employees — whether due to firing, layoff or furlough — will sometimes be offered the option to transition to COBRA insurance.

The plus side? If you've already hit your deductible or out-of-pocket max for the year, then you will continue benefiting from that when it comes to doctor's appoint-

ments or medical costs.

The downside? It's expensive. You will likely be forced into paying for the entire policy, whereas your employer generally picks up part of the tab during your employment.

Again, run any changes by your local insurance agent to make sure you're maximizing your benefits while minimizing your overall costs.

# Types of Life Insurance

If you've never shopped for life insurance policies, it can be an overwhelming experience. There are many different forms of life insurance, making it a bit tricky to land on a solid plan that makes sense for you and your family's future.

Everything from selecting the right amount of coverage to choosing the right life insurance company to buying your policy can be stressful. That's where working with a local life insurance agent makes sense. They can walk you through different options to make sure you find a solution that fits your needs.



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## LIFE INSURANCE: WHAT'S THE POINT?

Your main goal for getting life insurance should be to protect your beneficiaries financially in the event of your death. Some policies have the potential to accrue cash value over time, but return on investment is not a main selling point of life insurance policies. They are meant to give you and your family peace of mind and will provide that level of security that family members will be taken care of

— at least financially — after you're gone.

## TERM VERSUS PERMANENT

There are major differences between the two main types of life insurance, term and permanent. Here are a few:

**Length of coverage:** Many term life insurance policies provide coverage for up to 30-year terms, and they are designed as flexible options.

Permanent insurance, which includes whole life and universal life, is designed for life-long financial protection.

**Cost:** Initially, term life premiums are generally lower than permanent life. However, term life premiums typically increase upon each renewal as you age, while permanent life premiums stay the same.

**Cash value:** With most types of permanent insurance, you can generate cash

value as you continue to pay into your policy. You can choose to cash in or borrow against your permanent life policy, while term insurance does not feature any savings component.

## GET QUALITY COMPARISONS

When obtaining price quotes on life insurance, be sure that you are comparing similar products. Term life

generally has lower premiums than a permanent life policy, which can mean substantial price differences for a \$50,000 term policy versus a \$50,000 permanent policy.

Depending on your coverage needs, it's important to understand the main factors you should be considering. Ask your local agent for a consultation to get started on offering your family added protection and comfort.

# Saving on Insurance

When you shop for insurance, it's best to start with a solid game plan. This takes planning and a bit of research on your part.

If you don't have the proper amount of time to invest into performing due diligence, this may not be the best moment for you to start shopping.

## KEY QUESTIONS TO ASK

When trying to save money on your insurance costs, ask yourself these questions to start building your plan:

- How do I maximize my value and minimize my costs?
- What protections should I have?
- What are some pitfalls to avoid?
- What does the policy cover?
- What does the policy exclude?
- Are there dollar limits on the coverage, or maximums that the insurance company will pay?

## NEGOTIATION TIPS

One of the first questions insurance sales professionals will ask is "How can I help you?" Avoid answering with a flippant, "I'm just shopping" remark. Instead, rely on the research you've put in to this point to tell the insurance agent that you're looking for a strong policy that is in alignment with your spending goals.



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Remember that you may have to compromise a bit on your pricing requirements if you're to secure the highest quality policy. Bargain hunting may work in some cases, but it's not typically how insurance experts recommend you navigating through different policies.

Again, it all comes down to

research. The more time you put into finding out about average insurance costs and common policy structures, the better prepared you will be to make an informed decision.

## KNOW YOUR DEDUCTIBLE GOALS

A deductible is the portion that you pay out of pocket at

the front end of a claim before the insurance company picks up the rest of the bill. This allows you to transfer the catastrophic risk to the insurance provider while retaining the risk for some of the smaller issues that may pop up.

If you have to make a small insurance claim, you may want to pay out of pocket

instead of filing a claim because claims activity often increases your premiums. In general, a no-deductible plan will cost the most, and a high-deductible option will cost the least.

Consult with a local insurance agent on these types of discussions to identify your appetite for risk.

# Statistics on the Uninsured

Millions of Americans have no health insurance. Obtaining care with no insurance can quickly lead to unaffordable medical bills that eventually translate into medical debt.

Those without insurance for an entire calendar year pay for more than one third of their care out-of-pocket, according to KFF, a non-partisan health policy research, journalism and communications organization that is not affiliated with healthcare.gov or any insurance company.

According to eHealth, the average of a monthly individual health insurance plan is \$440 for an individual and \$1,168 for a family. The larger the family, the more health insurance costs. And for many families across the country, fitting that large of a bill into the monthly expenditures is simply not possible.



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## BY THE NUMBERS

Check out this data from the National Health Interview Survey's Early Release Program:

### UNINSURED

Number of persons under age 65 uninsured: 30.1 million  
 Percent of persons under age 65 uninsured: 11.1%  
 Percent of children under

age 18 uninsured: 5.2%  
 Percent of adults aged 18-64 uninsured: 13.3%

### PRIVATE INSURANCE

Percent of persons under age 65 with private insurance: 65.1%  
 Percent of children under age 18 with private insurance: 54.7%  
 Percent of adults aged

18-64 with private insurance: 68.9%.

### PUBLIC INSURANCE

Percent of persons under age 65 with public insurance: 25.5%  
 Percent of children under age 18 with public insurance: 41.8%  
 Percent of adults aged 18-64 with public insurance: 19.4%

## THE CHALLENGES

The uninsured are less likely than those with insurance to receive preventive care and services for major health conditions and chronic diseases, according to KFF.

Here are some key statistics from KFF on the challenges faced by the uninsured:

One in five nonelderly adults without coverage said

they went without needed care in the past year because of cost compared to 4% of adults with private coverage and 7% with public coverage.

In 2018, uninsured nonelderly adults were more than three times as likely as adults with private coverage to say they postponed or did not get a needed prescription drug due to cost.