

Protect what you build

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Insurance

- Insurance is **a contract, represented by a policy**, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured.
- Its aim is **to reduce financial uncertainty and make accidental loss manageable**. It does this substituting payment of a small, known fee—an insurance premium—to a professional insurer in exchange for the assumption of the risk of a large loss, and a promise to pay in the event of such a loss.
- Insurance **provides financial support to ensure that people can sustain and maintain stability in living standards against an unforeseen risk of losses**.

Types of insurance for a Business

General Liability

Officers & Directors

Employment Practices

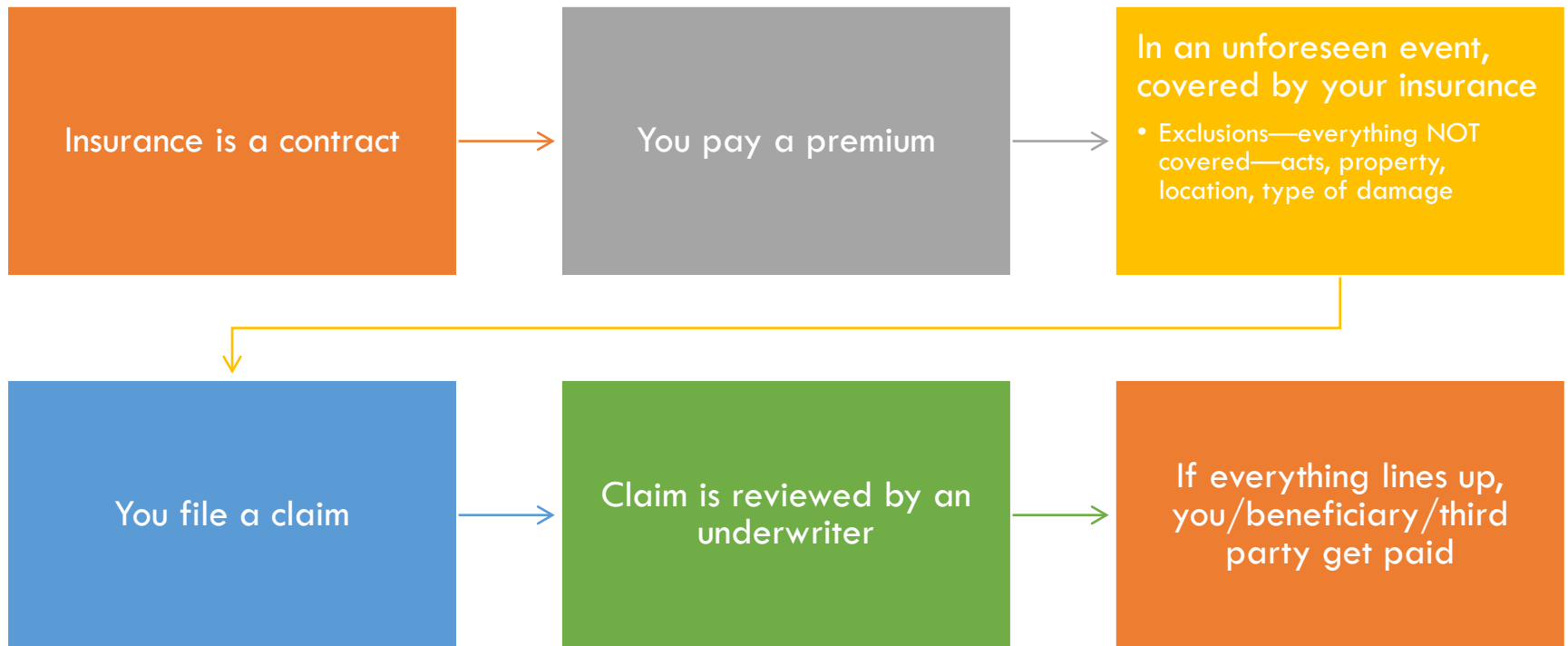
Worker's compensation

Specialized professional policies

Types of Insurance

- Auto
- Home
- Life
- Appliances (Insurance and warranties)
- Health—we will not cover. Attend classes offered on health insurance. There is employer provided insurance, ACA offered self-paid insurance, Medicare, Medicaid—etc.
- Employment—Unemployment benefits (are taxable)

Note



Basic rules



What is the risk that I need to protect against?



If this risk arose (event happened) what will it cost?



Note: If it will cost \$200,000 and your coverage is \$100,000 did you really protect against this risk?



How much money have I saved up for the deductible?



Note: Higher the deductible, lower the premium.



How much money does my budget allow for insurance?



Note: Often, paying premiums annually reduce the cost of premium.

Tips

- Comparison shop for rates, coverage, deductibles, etc.
- Find a reputable insurer so if you have to file a claim, the process is smooth
- Choose your deductible wisely. Sometimes it pays to have a zero deductible and sometimes it doesn't.
- Consider working with an agent. Ask for discounts
- Evaluate the coverage you need versus coverage offered
- Maintain communication
- Do an annual check-up
- Be truthful to all

Auto Insurance

Liability coverage generally pays for damages to other party.

Collision coverage generally pays to repair or replace your car after an accident.

Comprehensive (other than collision) coverage generally pays if your car is stolen or damaged.

Medical payments coverage generally pays medical bills.

Personal injury protection (PIP) is similar to medical payments coverage.

Uninsured/underinsured motorist coverage pays if an uninsured is involved.

Towing and labor coverage pays to tow/change a flat/jump start a battery/etc.

Rental reimbursement coverage generally pays for you to rent a car.

NOTE: STATE LAWS APPLY AND YOUR LENDER MAY DICTATE COVERAGE REQUIREMENTS

Underwriting auto insurance

- **Age.** Men under 25 and women under 21 usually have the highest rates. Rates go down for middle age. They go up after age 70.
- **Driving record and claims history.**
- **Where you keep your car.** Rates are higher if you live in a city. Rates can also vary between ZIP codes in the same city.
- **The kind of car you have.** Luxury, high-performance, and sports cars.
- **How you use your car.**
- **Your credit score.**

Homeowners Coverage

- **Dwelling coverage** pays if your house is damaged or destroyed.
- **Personal property coverage** pays if things are stolen, damaged, or destroyed.
- **Other structures coverage** includes detached garages, storage sheds, and fences.
- **Loss of use coverage** pays your additional living expenses if you have to move while your house is being repaired or rebuilt.
- **Personal liability coverage** pays if you're responsible for injuring someone else or damaging their property.
- **Medical payments coverage** pays the medical bills of people hurt on your property.



Replacement vs. Cash Value

- **Replacement cost coverage** pays to repair or replace your house and personal property at prices when they need to be repaired/replaced.
- **Actual cash value coverage** pays depreciated value—not enough to repair/replace.



Underwriting factors

- Your home's age and condition.
- Your home's replacement cost.
- Construction materials to build your home.
- Where you live.
- Availability of local fire protection.
- Your claims history.
- Your credit score.



Renter's Insurance

- Personal property coverage
- Loss of use coverage
- Additional living expenses
- Personal liability coverage
- Medical payments coverage

Life Insurance

- Is really DEATH Insurance. You have to die for someone to obtain the proceeds.
- Is a purchase of love. You buy life insurance only because you want to take care of your loved ones after you are gone.

- How much more would be needed to help a spouse or partner pay bills, support children, pay for college tuition or cover any other long-term needs.
- One rule of thumb is to have a policy with a death benefit equal to 10 times your annual salary.
- Different for EVERYONE at different points in their lives.

How much Life Insurance?

Term, Whole, Permanent

- A term life policy will provide coverage for a certain period of time—typically 10, 15, 20 or 30 years. It can be an affordable way to get coverage until you reach a certain financial milestone, such as paying off your mortgage or putting your kids through college.
- A permanent life insurance provides lifelong coverage, which is one reason why it's more expensive than term life insurance. It's also more expensive because it builds cash value.



Appliances

- Things to consider:
 - Cost of appliance—what will it cost to replace in the future
 - Life of appliance—What is its shelf life
 - Cost of coverage
 - Appliance \$1,000
 - Shelf life 5 years
 - Replace in 5 years \$1,000
 - WHY insure?

In closing

Don't be sold anything

Be smart about coverage

Read your policy carefully

Know what is covered

Don't buy specialty policies—cancer insurance

DO NOT LET THE POLICY LAPSE

Things happened during the few minutes your coverage elapsed!