

A photograph of a family moving into a new home. A woman in a grey top and blue jeans carries a cardboard box. A young girl in a pink top and blue pants walks towards the camera. A man in a blue shirt carries a box in the background. A dog is visible on a box in the foreground. The room is filled with cardboard boxes and a potted plant.

INSURANCE UPDATE

APRIL - JUNE 2021

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Are Two Life Policies Better Than One?

Many times we get caught up in the number: Do you have enough life insurance? However, an equally important question is: Do you have the right type of life insurance?

At different times in your life you may need different kinds of protection. When you have a major purchase like a home, you typically purchase a term policy for mortgage protection and to protect loved ones. Then as you age, you begin thinking of ways to pay for final expenses with a permanent policy.

Although it may be common to purchase term insurance first and permanent coverage later, you will want to consider your future insurability.


Many term products offer a conversion privilege that will allow an individual to convert their term insurance to permanent coverage without proving medical insurability. Be sure to discuss the details of converting with your agent or review your policy.

The longer they wait to convert to a permanent life insurance policy, the more costly the premiums could be. Also, this option typically has a timeframe when conversion can occur and they could miss it.

However, if you purchase both a term and permanent life insurance policy, you could take care of all your life insurance needs at once:

- The combined coverage amounts may ensure you have enough life insurance.
- The mix of term and permanent insurance can provide flexibility and address many of your current and future needs.
- They will provide financial support for your loved ones.

Ask us today about the benefits of purchasing both term and permanent life insurance policies.



What is a Business Policy Audit?

Business insurance policies can be auditable. What will that mean for you and your business?

General liability, workers compensation and garage liability insurance policy prices are based on an estimate of your sales, payroll or number of employees. Our agency will review your operations with you, and submit an application based on your projections for the coming year, to an insurance company.

Typically, policies are issued on an annual term. After each policy term expires, a phone, mail or physical audit will be scheduled, to determine your exact exposures during the prior year. This means a five-to-10-minute discussion with a phone auditor, a 15-to-20-minute online survey form, or a one-hour (average) visit by a physical auditor. Some large operations may require more time. Auto-Owners strives to be mindful of your time, and conducts premium audits efficiently.

If your policy is payroll-based, the auditor will need to look at payroll records for the prior year. These typically include detailed payroll records you kept by employee, as well as the payroll information you submitted to your state unemployment commission. If you hired independent contractors or temporary labor, the auditor will look at your check register, and any 1099s issued during the calendar year for comparison. The auditor may ask about each person's job duties.

If your policy was sales-based, the auditor will review your sales records, a profit and loss statement, and may compare these to your prior year's tax records for reference.

For contractors, the auditor will review employee payroll, subcontracted labor costs, and amounts paid from your reporting forms and check register. The auditor may examine any certificates of insurance provided by your subcontractors.

Materials installed by the subcontractors you hire will be included in the subcontractor labor amounts.

Please contact your agent with any updates to your business.

Where it Rains, it Floods

We all need flood insurance because almost every building can be damaged by surface water. If you don't believe that statement, consider the following:

- Nearly all policies do not cover flood. Some Auto-Owners policyholders qualify for the Inland Flood endorsement on their homeowners or farm policy, but if you don't have that, the policy will not cover flood-related damages. Ask our agency if you qualify for Inland Flood coverage.
- Flood damage can be messy and expensive to repair. Several inches of water in a building can generate \$10,000 or more in repair and cleanup costs. For most buildings, flood insurance is inexpensive when compared to the cost of recovering from even a modest flood.
- Floods don't only impact buildings near a river or along the coast. As the saying goes, where it rains, it floods, and it rains everywhere. Extreme, "once in a lifetime" intensity rainstorms are occurring more frequently in many parts of the country. If you happen to be impacted by one of those extreme rainstorms, you have a good chance of suffering flood damage. Remember that floods don't always involve water rising from a river or lake. They often involve water flowing down an incline.
- You need flood insurance to qualify for federally insured mortgage on a building located in an area classified by the Federal Emergency Management Agency (FEMA) as Special Flood Insurance Area (or floodplain). Even if you don't have a mortgage, and therefore do not have a lender requiring flood insurance, your risk of suffering flood damage remains.

The flood maps FEMA uses to identify local floodplains can underestimate the number of properties with an increased exposure to flooding. One recent study suggested there are actually three times as many buildings with an increased risk of flooding than are identified by FEMA's flood risk maps.

Unless you purchase coverage at the request of a lender for a loan closing, there is a 30-day waiting period before a flood insurance policy can take effect. Contact our agency now to get a policy in effect for the upcoming flood season.





Road Trouble Service: When You Need a Helping Hand

A useful coverage to consider when insuring your vehicle is Road Trouble Service coverage.

By using either the Auto-Owners mobile app or calling the company's direct service line (888.869.2642), Road Trouble Service will now cover all reasonable costs associated with towing the vehicle to the nearest qualified service facility, and any labor completed where the accident or breakdown occurred. All special equipment needed to transport the insured vehicle would be covered, such as winching, flat bed, etc.

When a customer chooses to have their vehicle transported somewhere further than the nearest qualified service facility, Auto-Owners will cover the cost from the place where the accident or breakdown occurred to the nearest qualified service facility. The additional mileage beyond the nearest qualified service facility would be at the customer's expense.

The customer can contact their own service facility and Auto-Owners will reimburse up to \$75 for towing to the service facility and/or labor costs performed where the accident or breakdown occurred.

Auto-Owners understands that your vehicle is critical in getting you where you need to go. When things go awry, such as a dead battery, lack of gas, breakdown or accident, Auto-Owners will be there to get you back on the road quickly and safely!

Contact our office about adding Road Trouble Service to your auto policy.