



How Can Insurance Be Used to Protect Your Wealth?

If accumulating wealth is on your mind, protecting your wealth should be equally important. Insurance can be a powerful tool in your financial toolbox. I read an analogy about insurance that I think everyone can relate: think of insurance as an annoying umbrella that you carry. No one wants to carry it around when it's sunny outside. It costs money you don't want to spend, but when it's raining outside you are happy that you have it.

Insurance is the tool that can help protect the assets you worked so hard to accumulate. When you have a covered auto or homeowner's claim, the numbers you choose for your protection limits is critical. These numbers represent the maximum that will be paid from your insurance carrier's bank account, the difference will come from your bank account. The numbers you choose for a life insurance policy represent income replacement for those that depend upon you financially and also payment of debts you might leave behind. If you are unable to work, short term or long term disability insurance can help replace needed lost income while you are recovering from an illness, and long term care insurance can help cover costs that otherwise might not be covered elsewhere and could rapidly deplete savings.

Are your wheels, walls and wealth properly protected? Insurance is for your worst days, not your best.

Auto insurance tips:

1. Be realistic about what you can or want to spend and what you may need to have to properly protect your asset.
2. Pick limits that reflect your ability to cover the deductible, and help you recover financially. The higher the deductible, the less the cost.
3. Look for auto policies that have accident forgiveness. One accident can substantially increase your policy cost due to surcharges. Paying a little more upfront can save you hundreds over the course of a year if you have an accident.
4. Review your uninsured motorist/underinsured motorist coverage limits. In 2019, 9.2% of American were driving without insurance. Can you imagine how many are driving with limits that not enough to cover you should they total your vehicle or cause you long term injuries in a severe accident?
5. Most people with a spare vehicle will decline this coverage. If you frequently drive to other cities for errands or drive for vacations, what happens if you cause an accident while away from home? If your vehicle takes 5-10 days for a repair and you are away from home, how much are you prepared to pay out of pocket for a rental?
6. If you have a newer vehicle, do you have GAP coverage to help you cover the cost of replacing your vehicle and offsetting depreciation? Not having this on your policy could leave you owing your lienholder money during a claim.

Home insurance tips:

1. Remember that your homeowner's policy is for covered events and is not a home maintenance plan that generally covers the maintenance of appliances and mechanical items from wear and tear. They are two completely different types of policies.
2. Review your declarations pages-the name states what it is. It is declaring the address that is being insured, the types of protection and cost for each type of protection, the deductible(make sure you pay attention to this number, the amount of damages must exceed the deductible before your policy will begin to pay), and also look at exclusions or coverages you declined.
3. Look at the replacement cost that has been assigned to your home. It should be different than the cost to purchase your home. The replacement cost reflects what it would take to rebuild your home from the ground up if a catastrophic event happened. The cost reflects debris removal, permits, plans, materials, and labor costs which can increase during a large scale event. At present, lumber and other construction materials have significantly increased due to Covid-19. Labor costs can inflate due to labor shortages as well as increase in building time.
4. Know whether your home and personal contents coverage are covered as replacement cost or actual cash value. I like to define contents as taking your home and turning it upside down; anything that falls to the ground is considered personal contents. Anything not bolted down or built in is considered personal contents. While actual cash value policies are less expensive to purchase, they can cost you thousands of dollars at claim time and substantially increase your financial exposure.
5. Review your medical liability limits. This protects you when a guest has an injury on your property. Imagine a guest slipping on a floor, children rough housing and causing an injury, a pool incident with a child. The list is endless.

Remember that insurance is a tool to help you reduce your financial exposure. Make sure you are an active participant in deciding your limits and coverages. If you let your agent choose the limits, you are giving someone else the decision to protect your assets. They might not be choosing wisely. Make a list of various scenarios that concern you and ask what coverages you would need to have in place to reduce or eliminate your financial risk. Be concerned with getting the best coverage at the best value; at claim time you'll know if you chose wisely.

**Home Auto Renters Commercial Landlord Umbrella
Life, Retirement Services, Short Term & Long Term Disability, Long Term Care
Employee Benefits**

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