



# Personal Insurance

## Personal Insurance Terminology

Here are some commonly used terms you may encounter when exploring personal insurance.

**Agent:** A professional licensed by the state who represents one insurance company or several (commonly referred to as an independent agent), and sells insurance; commissions are paid by the insurance companies, whereas a broker's fees are paid by his or her customers.

**Assets:** Property owned by a policy holder including but not limited to money in savings or checking accounts, stocks, bonds and real estate.

**Broker:** A licensed insurance professional who works on behalf of buyers to find suitable insurance; fees are paid by the customers, whereas an agent receives commissions paid by the insurance companies it represents.

**Limit:** The maximum amount of money an insurance company will pay out for a covered loss, such as medical care or auto repair costs due to a covered car accident.

**Policy holder:** The individual who owns and controls an insurance contract.

**Premium:** The cost of insurance coverage for a specific risk provided by an insurer for a set length of time.

**Provider:** A company that supplies insurance; sometimes referred to as an insurance carrier.

**Rate:** The per-unit price of insurance; this amount is used when calculating premiums and is generally based on state regulations and historical losses for comparable risks.

**Risk:** A peril or event that could potentially cause loss to a policy holder.

## Insurance: Protect All You Value

Designed to reduce financial losses, policy holders pay insurance companies premiums to cover personal property in exchange for financial protection against specific events, including fire, flood or theft. Insurance is essential because it protects you from loss. Without the protection that insurance provides, you may be vulnerable to risks that could destroy your financial stability, such as:

- The cost to repair or replace damaged or stolen items.
- Temporary relocation expenses if you should become displaced as a result of a storm or fire.
- Income lost when you can't go to work because of an accident.
- Lawsuits and legal fees.

## Make More Informed Decisions About Insurance

Before you ask yourself "Is insurance worth it?" consider how much it would cost to replace your personal property, home and other assets if you were to suffer a devastating loss, such as a fire, flood, car accident or home invasion. While insurance premiums may stretch your budget from time to time, their costs are relatively low when compared against the actual expenses involved with replacing everything you've worked hard to buy or build.

## **Personal Insurance (continued)**

### **Make More Informed Decisions About Insurance (continued)**

Choosing whether or not to have insurance isn't always optional. Some types of protection, like auto insurance, are required by law. Insurance requirements vary from state to state, however, generally motorists who own, lease or drive a vehicle must be insured. Homeowners insurance is another example where coverage is mandatory; if you finance your home, your mortgage lender will require you to have homeowners insurance.

### **Get Expert Advice**

Your protection needs are as unique as your fingerprints. Take your home, for example: While the design or structure of your house may look similar to your next-door neighbor's, its contents are entirely distinct.

Since insurance plans vary from company to company, finding the precise amount of protection you need at a price you can afford can be challenging. However, if you work with an insurance agent, you could save time and money—especially if you bring your existing insurance policies and a list of questions to discuss, such as:

- Does the insurance company offer a multi-policy discount for bundling several different insurance policies (such as auto and homeowners) into one contract?
- What are my deductible options?
- What are my state's specific insurance coverage limits?
- Am I eligible for discounts?
- Do I need to take out a special insurance rider to cover valuables such as art, jewelry or antiques?
- Can you compare several insurance companies for me?

### **Review Your Policies**

Whether you are moving into your first new home or planning for retirement, review your policies frequently and fine-tune your coverages as needed through every stage of your life—not just at renewal. To ensure that you are getting the best rates and that your coverage is keeping pace with your needs, re-examine your policies when you:

- Get married or divorced
- Welcome a new baby to your family
- Send a child off to college
- Buy a vacation home or cabin
- Begin a home remodeling project
- Plan on retiring in the near future
- Make another significant change to your lifestyle

Knowing your home and belongings are properly protected against loss provides peace of mind.

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