

FOCUS ON INSURANCE AGENCIES

UNDERSTANDING YOUR INSURANCE DEDUCTIBLES



By Heide Peters,
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AUTOMOBILE INSURANCE DEDUCTIBLES

First of all, you must understand, if you do not carry collision coverage on your automobile insurance policy, and you are AT FAULT in a car accident, your vehicle will not be covered by your insurance company.

If you are NOT AT FAULT, if possible, it is best to report the claim to the at fault person's insurance company. The reason is, you will be trying to get your deductible back, and if you can go through the at fault person's insurance company, your deductible will not come into play.

The deductible is the amount of money you are responsible to pay toward your own vehicle's damage if you are at fault in an accident. This is before the insurance company pays anything out to you.



HOMEOWNERS INSURANCE DEDUCTIBLES

A homeowners insurance deductible is the amount of money that you're responsible for paying before your insurance company will pay you for a covered loss. The resulting claim payment that you receive from your insurance company is the total damage or loss amount minus your deductible.

Some types of insurance on your homeowners policy, such as earthquake insurance, carry separate deductibles

which are usually a percentage. It can sometimes be as high as 20 percent or more. It is a percentage of the amount of replacement cost on your home. For example, if your replacement cost for your home is \$300,000, and you carry a 10 percent deductible for your earthquake coverage, then your out-of-pocket amount for an earthquake claim would be \$30,000. If you do carry earthquake coverage, and have a claim, depending on your deductible, if it is too high it may not cover the claim.

IN GENERAL

It's simple math — if a **covered insurance claim** comes to \$5000, and you have a \$500 deductible, you are responsible for the first \$500, and the remaining \$4500 for your property, is paid by the insurance company.

But obviously, if the amount of your loss is less than your deductible there's no reason to submit a claim. For example, if your deductible is \$1,000 and you sustain

\$800 in damages, then your insurance company isn't going to pay anything. The amount of damage is less than your deductible, and the loss is entirely your financial responsibility.

The higher the deductible—the lower the premium you pay. But if you have a covered claim, the higher the deductible the more responsibility of the payment of the damage is on YOU as well.

In many instances with small claims, provided there are no injuries, it is better not to submit them. That is something you should discuss with your agent—as well as what deductibles are right for you.

Heide Peters can be reached at Rothenberger Insurance Services, 610.406.5827. Rothenberger Insurance Services is a full service independent insurance agency specializing in residential insurance and commercial insurance. Residential insurance services include automobile insurance, home owners insurance and life insurance. Commercial insurance services include group life insurance, group health insurance and general liability insurance. Rothenberger Insurance services is located at 436 Penn Ave West Reading PA 19611 and can be found on google+ and Facebook.

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Hidden Health Insurance Risks

**By Brad Palmer, President,
The Conestoga Group**

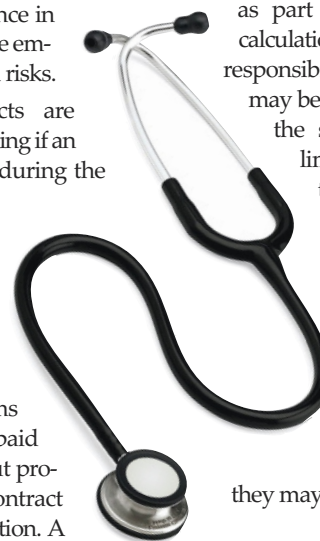
Self- and Level-Funded health insurance has gained prominence in recent years, but can expose employers to serious financial risks.

Fully insured contracts are "incurred" contracts, meaning if an eligible claim is incurred during the policy year, it can be paid after the plan year, even if the employer moves to another insurer at renewal. Self- and Level-Funded contracts use an "incurred and paid" format where incurred claims must be processed and paid prior to the end of a runout protection period. A 12/12 contract includes no runout protection. A 12/60 contract offers 48 months of runout protection. The risk is that claims, especially larger claims, can be in dispute for extended periods and without runout protection, become the responsibility of the employer.

Insurers may also transfer claim risks to the employer at renewal. Instead of just looking at historical incurred claim data,

they may include large claims scheduled for the upcoming plan year, such as cancer treatment or transplant surgery, as part of the projected claims calculation. Projected claims are the responsibility of the employer and may be effectively excluded from the stop-loss protection that limits the amount of a claim that is the responsibility of an employer.

Self- and Level-Funding can be effective for some employers with certain demographics, but for those with typical age, gender, and health statistics, they can expose the employer to risks they may be unable to absorb.



Brad Palmer is President of The Conestoga Group, Inc., founded in 1986, based in Malvern, and specializing in benefit programs for companies with 2 to 250 employees. bpalmer@cgiadvisors.com or 610.854.1420.