

# Managing Risk

## A Guide to Insurance



# Why Insurance Is Important

Health insurance premiums aren't cheap, but neglecting your health can be even more costly — particularly over the long term.

When facing budget constraints, it's smart to reduce costs but not at the expense of your well-being. Research into health outcomes has made clear the importance of preventive care: Maintaining general wellness involves an ongoing commitment to exercise, eating right and regular checkups. At the same time, good health is never guaranteed and if a sudden medical situation arises, the uninsured could be putting both their financial stability and overall health in jeopardy.

## HIGHER COSTS

Without insurance, your out-of-pocket expenses for healthcare can be exorbitantly high. Those with coverage pay their standard deductible or a fraction of the total expenses when going to their general practitioner or a specialist. In contrast, the uninsured are forced to navigate sometimes very confusing pricing structures imposed by healthcare providers. The costs may widely vary, but it's always more than what the insured pay.

## DANGEROUS DELAYS

Studies show that nearly a quarter of the uninsured end

up delaying healthcare because of higher associated costs. Unfortunately, this can lead to worsening health results and then the need for more extensive and costly treatments. Those with health insurance have access to timely medical care and they're more likely to avoid these worsening outcomes.

## PRESCRIPTION WORRIES

Many depend on daily medication to manage their health, including chronic issues like diabetes and hypertension, among others. As with medical procedures, however, out-of-pocket costs can quickly pile up. Insurance provides more affordable access to these needed prescriptions. Without

it, some may find themselves in the difficult position of having to ration their medications — or, in some tragic cases, going without them entirely.

## FINANCIAL ISSUES

Some states have imposed penalties on those who remain uninsured. That can lead to a compounding financial

burden: You'll be expected to pay out-of-pocket healthcare expenses and additional taxes. As these expenses grow, some end up falling behind on payments to their creditors. Penalties often follow, and that only adds to the financial strain. Even if your health improves, the financial results could be catastrophic.



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# Stay Aware of Hazards

Some jobs are clearly more dangerous than others. The risk for firefighters isn't the same as for office workers. But dangers are lurking in both environments if we don't prioritize safety.

The most obvious are physical and environmental, but there are also everyday hazards we may not be taking seriously enough. Consider getting disability insurance, no matter your age or occupation. The Social Security Administration reports that a quarter of all workers will endure a disability lasting three or more months before reaching retirement age.

## EVERYDAY HAZARDS

The risk of injury for someone in a manufacturing role is probably more apparent than for a school teacher or someone working remotely. But both scenarios are associated with their own daily hazards. For factory workers, the presence of heavy equipment and loud machinery creates significant injury risks, so constant focus is required to remain safe. But the most common issues in the workplace, like tripping hazards or slips and falls, can happen in the typical office environment, as well.

With any job, you might



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find yourself working around power sources or at greater heights. Be extra cautious when performing tasks on ladders, roofs, scaffolding or other elevated surfaces. Be on the lookout for electrical hazards such as frayed cords, exposed ground wires and improper wiring. These may seem like minor issues, but power sources can cause serious injury if not properly maintained. Your absence will

lead to decreased productivity for the company. More importantly, there might be potentially devastating physical impacts for you.

## PHYSICAL HAZARDS

Don't overlook the dangers of working outside. The health implications associated with prolonged exposure to the sun and extreme temperatures are often underestimated. Being inside

presents its own challenges, too: Continuous loud noise can result in permanent hearing loss. Repetitive movements or frequent lifting can create health issues. Ergonomic hazards exist from improperly adjusted workstations and office chairs.

## ENVIRONMENTAL HAZARDS

Exercise caution when handling potentially dangerous

liquids such as solvents, paints and cleaning products, since the chemicals they contain could pose breathing or other health problems. If you're exposed to fumes from welding and gases like propane, helium, acetylene and carbon monoxide, make sure there is proper ventilation at work.

Flammable substances like gasoline should always be handled with care.



# Research Life Insurance Policies

Buying life insurance is serious business, so, unsurprisingly, selecting a policy can be a little overwhelming.

A decision becomes even more complex if you lack a solid understanding of the various types of coverage available. Here's a tipsheet on investing in life insurance:

## WHY YOU NEED IT

Life insurance is designed to offer protection to chosen beneficiaries in the unfortunate event of your death. Start by determining the appropriate coverage level, then select a reputable company, and identify your specific beneficiaries. Just remember that policies may vary: The primary purpose of life insurance is to provide peace of mind rather than a return on investment, but some policies may build cash value over time. Either way, putting a life insurance policy in place offers your family some financial security in your absence.

## PERMANENT OR TERM?

There are two principal types of life insurance, term and permanent, and each boasts its own unique features. One key difference is the duration of coverage. Many term options typically provide coverage for a period of up to 30 years and come with a range of flexible

choices. Meanwhile, permanent insurance — including universal and whole life options — is structured to provide lifelong protection.

Term life policies tend to have lower initial costs, but it's important to note that their premiums typically increase upon each renewal as the insured person gets older.

Premium rates for permanent life insurance, however, remain consistent over time. Most forms of permanent insurance accumulate cash value as premiums are paid, similar to the concept of building equity in your home. Should the need arise, policyholders have the option to borrow against or cash in their permanent life

insurance policies. This option is not available with term insurance, since these policies lack a savings component.

## SHOPPING AROUND

To make an informed choice for you and your family, gather several policy quotes. Be sure to compare similar products. For instance, term life policies

are generally more affordable than permanent options. That can result in significant cost differences, particularly in the early years of coverage. Pay close attention to the duration of a term plan when making your comparisons. If you have further questions, contact a local agent to help narrow your options.



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# Cyberattacks on the Rise

In the internet age, businesses, government offices and individual citizens are increasingly at risk of scams, security leaks and phishing attempts.

If a hacker gains access to your financial and personal information in this way, they can use it to carry out financial fraud.

This has become known as identity theft, and it's happening daily. Thieves gain access and then steal money from bank accounts, make illegal purchases or apply for loans or credit cards. Protect yourself by securing your accounts, familiarizing yourself with the signs of identity theft and staying on the lookout.

## PROTECTING YOURSELF

Build your defense against identity theft by taking proactive measures. Experts recommend that you develop complex — and different — passwords for all your devices, bank accounts and social media. This is made easier by using a password manager. Guard against phishing attempts when someone tries to trick you into clicking on a dangerous link through emails or text messages.

If you're unsure how to complete these tasks or just have



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more questions, reach out to a local insurance and risk management professional. They're equipped to help safeguard your accounts and can discuss the range of personal insurance options available for cyberattack coverage and identity protection.

## KNOW THE SIGNS

Keep a close eye on your

bank account, credit card statements and credit reports. Sudden or unexpected changes should raise a red flag.

Don't overlook loan or credit card approvals that you never applied for or charges for items that you didn't purchase. If your household bills typically arrive by mail, pay close attention to any sudden

stop.

Identity thieves sometimes alter a billing address to take over an account.

Other warning signs include being unexpectedly denied credit or a rejected tax return.

## THE NEXT STEP

If you notice a warning sign, take immediate action. Suspend bank cards or credit

accounts if there is fraudulent or suspicious activity. Report ongoing issues to the authorities, including the IRS and credit reporting agencies. Going forward, regularly review your credit reports to ensure accuracy, always avoid sharing personal information over the phone, and limit your exposure to potential threats as much as possible.





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# Don't Forget Renters' Insurance

Renters may assume the property owner's insurance will step in when disaster strikes, but that's not the case. Renters are responsible for everything inside their personal unit.

At the same time, the risks for renters are greater because of shared walls, floors and common areas. A fire at a neighbor's house could quickly send your belongings up in smoke, too.

That's why landlords are increasingly adding a renters' insurance mandate to leases. Either way, it's smart to investigate the options available to protect yourself.

## A CRITICAL DECISION

Landlords maintain insurance coverage, but only for the building itself.

These policies do not extend protection to personal belongings within the rental unit, including furniture, appliances and electronics. Renters' insurance safeguards your personal property against fire, theft and other potential losses. These policies provide financial protection if there is an accident involving your guests. Choose a policy with protection for personal property and liability, while exploring options for medical and other expenses. Some insurers provide coverage against theft while traveling.

## EXPLORING THE OPTIONS

A standard renters' insurance policy should include protection against an array of potential risks, addressing both common issues such as theft, smoke damage, water intrusion and vandalism. More comprehensive policies will also address unusual events like damage from riots, explosions, falling objects, vehicle or aircraft incidents, and snow accumulation.

Insurance is essential for those living in regions where natural disasters like hurricanes, flooding, tornadoes or wildfires are more common. Additional coverage may be necessary to adequately address these specific risks. The liability portion of your insurance policy will provide coverage for property damage as well as for any legal expenses

associated with unforeseen events.

## HOW MUCH IS IT?

You may be worried about costs but there's a huge financial risk associated with not having renters insurance. Industry estimates place the average renter's premium at a few hundred dollars annually. Your costs will vary depending on coverage requirements, the deductible, the location of the property and the type of insurance. Talk to your car insurance provider first, since many offer discounts for customers who bundle a new policy with existing coverage. If not, talk to a reputable local agent. Those who skip renters' insurance might lose thousands of dollars in the event of an emergency — with no way to recover the costs.

# Consider Travel Insurance

Flying off to distant locations can be exciting and fun. It's also very expensive. So what if something goes wrong?

The most common issue involves weather. For instance, a cruise might be canceled when a storm threatens. But there is also the risk of having a health emergency when you're nowhere near home. Travel insurance can ease your concerns.

## WHY IT'S NEEDED

Look for a comprehensive plan that covers key concerns such as reimbursement for missed connections, lost luggage, refunds for trip cancellations due to illness or other reasons, and medical emergencies while you're away. Your individual health insurance may offer some coverage when you are traveling, but a supplementary policy helps with other unexpected out-of-pocket costs.

The type and extent of coverage needed depends on factors like the destination, incurred expenses and the value of your personal belongings. Insurance providers offer a range of policies, including multi-trip options and individual or family coverage. Some credit card accounts may include travel insurance options.

## WHEN TO BUY

Experts say travel insurance

is generally less needed on domestic trips, since rebooking or dealing with a medical issue is easier in your home country. Personal health insurance would cover any emergency. Most domestic flights and hotel rooms can be easily rescheduled, though often there's a fee. Some American airlines also provide penalty-free flight transfers or

cancellations. Check with your credit card company about other travel-related benefits.

For anyone traveling abroad, however, it's important to note that many international medical providers require upfront cash payments. American insurance plans aren't usually accepted and Medicare does not offer coverage outside of

the U.S. If your wallet, purse or passport is stolen, the local American embassy may offer assistance in communicating with local authorities and getting in contact with family. But emergency transportation and assistance with any financial loss are not typically available.

Then you'll have to contend with Mother Nature. Travel insurance is particularly

helpful if you're heading to a location where adverse weather conditions could be a factor. It's also a smart purchase if a prepaid trip includes cancellation penalties. Many online travel platforms provide an insurance option. You can also contact your insurance company or a travel agent to discuss your options.



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# Considering an Annuity?

Concerned about having enough money for a comfortable life after leaving the workforce?

Retirement annuities are a unique form of insurance that allow you to make an investment now with scheduled payouts in the future. Here how they work:

## HOW THEY WORK

When you put money into an annuity, the investment is managed by an insurance company, mutual fund or brokerage. They invest on your behalf with the goal of earning a consistent income over a predetermined period. The income from your annuity can be disbursed in several ways — including as a lump sum, monthly, quarterly or annually. You have the option to receive payments on a specific date or across multiple dates.

The exact size of your payout will be influenced by the length of the payment period, among other considerations. You can choose between a fixed or variable annuity, so familiarize yourself with the difference before making a commitment with a financial planner or insurance agent. Depending on your individual circumstances, that decision may significantly affect your future payout.

## EXPLORING YOUR OPTIONS

The amount received will



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vary based on your selected type of annuity. Immediate annuities require an upfront lump sum investment so that you can start receiving payments right away. An insurance broker will provide a range of scheduling options tailored to your needs. Deferred annuities, on the other hand, will include later

payouts — but they can still be made before retirement. Unlike other tax-deferred retirement vehicles such as a 401(k) or IRA, investors have the flexibility to contribute as much as they wish each year. This feature makes annuities particularly advantageous for those who are approaching retirement and want to

quickly build up their savings.

## WHAT'S RIGHT FOR YOU?

Annuities can be a smart choice for those seeking a stable income after leaving the workforce or for anyone who worries they haven't saved as much as they'll need to live comfortably during their

golden years. Just remember that insurance companies set return rates, and they may not necessarily produce your desired long-term growth. Annuities generally have higher fees when compared to other long-term investment options. You may incur so-called “surrender” charges for early withdrawal.