

Insurance Update



VOLUME 8, ISSUE 4

OCTOBER—DECEMBER 2014

PERSONAL INSURANCE

Look No Further to Cover Your Classic and Antique Autos!

Do you own a classic or antique automobile? Many companies, such as Auto-Owners, provide coverage not only for cars and trucks, but for classic and antique automobiles as well.

Auto-Owners' definition of a classic automobile is a vehicle that is at least 10 years old; has been restored to its original factory condition, or is undergoing active restoration and is at least 50% restored; and has a value in excess of other automobiles of a similar age.

Antique automobiles are defined as vehicles that are more than 25 years old; are licensed as an antique automobile; and are used only for exhibitions, antique automobile

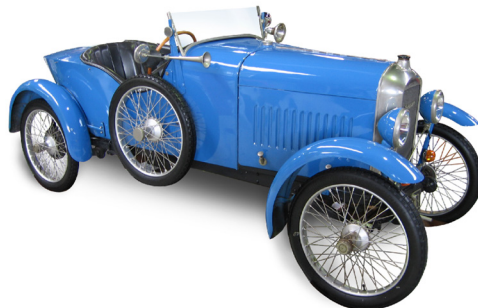
club activities and parades.

In addition to its standard coverage, Auto-Owners offers agreed value coverage* for classic and antique automobiles. Agreed

value coverage means you and the company will agree in advance on the value of the vehicle, and in the event that your automobile is totaled, you will receive the agreed value amount listed on your policy, minus

any applicable deductibles.

This coverage option will not only give you peace of mind while you're on and off the road, but it's also very affordable.



To determine if your vehicle is eligible for agreed value coverage, bring photos of your classic or antique automobile into our office today.

**Agreed value coverage is available in all states except North Carolina and Virginia.*

LIFE INSURANCE

Life Insurance on a Budget

There are many reasons why you may not have purchased life insurance. Is the cost too high? Are you not sure what product is right for you? Has anybody asked you about life insurance? All may be valid reasons, but the truth is life insurance is important.

Term insurance (10-, 20- or 30-year term) is a simple and affordable way to protect your family while keeping the costs reasonable for your budget. After all, some



life insurance is better than none.

You can also purchase the Guaranteed Renewability Benefit on 10- and 20-year term policies with Auto-Owners, which guarantees your policy will renew until your 90th birthday.

No matter what happens to your medical situation, you can have peace of mind knowing your policy will never be canceled as long as premiums are paid. You will also be able to convert the pol-

icy to another life policy, such as universal life, until age 65.

Term insurance may be the right choice for you for many reasons, including:

- Affordable premiums
- 10-/20-/30-year options
- No interest rates to worry about
- \$50,000 minimum face amount
- You can save money on your home and auto policies

It's never too early to start thinking about purchasing a life insurance policy. Talk to us today about how we can structure a term policy that will meet your needs!

BUSINESS INSURANCE

Information to Help Avoid Large Premium Audits

There are many ways to reduce your premium audit bill, such as updating your payroll and sales information.



Are you a business owner and want to avoid a large premium audit bill? If so, here is some information to help:

- If you're having a better year than you anticipated and are experiencing increased sales or are hiring additional staff, let us know. We can adjust your payroll or sales estimates to better match your actual payroll or sales.
- Be sure to obtain certificates of insurance from your subcontractors and have copies on hand for

- the auditor to review.
- Keep in mind that those not on the payroll but paid on a 1099 basis or in cash, which do not have a certificate of insurance or a state-approved exemption form where applicable, will be picked up as employees.
- Know that for workers' compensation, clerical and sales employees' payroll cannot be split with any other class. For example, you may have an employee who works in the office part of the day and stocks shelves in the store

the rest of the day. This employee's entire payroll would be put in the store class.

- Understand that clerical employees must work in an area physically separated from the business operations. They will not be considered clerical if any work takes place in the operating area of the business.

Please check with our office to see if you should expect a premium audit and when it will be completed. In addition, ask us for the helpful brochure titled, "Your Insurance Audit."

CLAIMS

What Is That Coinsurance Provision in My Policy?

Most commercial property policies include a coinsurance provision that requires an insured to insure their property to a certain percentage of its value.

At claim time, a coinsurance issue may arise in the event that the property is not insured to the proper value required by the policy. If the property is underinsured, the insured could become a "co-insurer" and have to pay part of the loss.

To avoid being a "co-insurer," a property must be insured to the percentage of its value that the policy defines. This can be 80%, 90% or

even 100% of the replacement cost or actual cash value of the property, depending on the type of coverage desired. (Property valuation will vary depending on whether replacement cost or actual cash value is applied.)

The following is an example of the application of coinsurance on a claim involving replacement cost:

Replacement Cost of Building: \$120,000
 Coinsurance Requirement: 80%
 Policy Limits of Building: \$70,000
 Minimum Limits Required: \$96,000
 Replacement Cost of Repairs: \$20,000
 Deductible: \$500

$\$70,000$ (Policy Limit)
 \div $\$96,000$ (80% Coinsurance Requirement x $\$120,000$ Replacement Value) = .73

$\$20,000$ (Repairs) x .73 =
 $\$14,600$ - $\$500$ deductible =
 $\$14,100$

Since the building is not insured to value, the amount payable would be \$14,100 after deductible instead of receiving \$19,500 minus the deductible.

If you're unsure of the value of the building your business is in, or you would like to increase the percentage for which it is insured, please contact our office. We'll be happy to help you get the right amount of insurance on your property.



Insuring your property to the correct value can help you avoid a coinsurance payment at claim time.

THIS PUBLICATION BROUGHT TO YOU BY:

Auto-Owners Insurance

