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FB&L Insurance News

FB&L Insurance LLC
(479) 340-0436
FBandL.com
James@FBandL.com

Business and Personal Insurance Lines for all your Insurance needs.



Unexpected Covid changes

Small Town Sales Tax Revenue

In Arkansas, sales tax is paid based on the delivery location. The coronavirus has increased the amount of orders delivered directly to homes. Small towns, particularly those with limited retail, saw a huge increase in sales tax last year. This grew not only their base taxes, but also any special project taxes that were in place.

Whole Life

Life insurance was on a lot of people's minds in 2020. This is probably no surprise, but what the stock market did in 2020 was, and the stock market affects certain whole life policies. Because of this you may get notices that your rates have changed (decreased) or your policy values have increased. This is because the government does not allow you to pay for whole life policies too quickly based off money laundering concerns, so they created something called a Modified Endowment Contract (MEC) which turns your life insurance plan into a government regulated account similar to a 401K or IRA. To prevent your policy from becoming an MEC, insurance companies may decrease your rates or increase coverage if your policies saw unusual gains from the stock market.

WHAT'S INSIDE

WHAT IMPACTS INSURANCE RATES

13 things that affect your personal insurance rates.

CYBER SECURITY INSURANCE

What is it?

SUPPLEMENTAL INSURANCE - QUESTIONS TO ASK

Get all the information before choosing a policy.

RESOURCES

Insurance related websites.

What Impacts Insurance Rates?

All insurance carriers are different and use information differently to come up with rates. Here are some of the common factors that go into an insurance quote:

1. **Deductible.** If you call your insurance agent and ask for a lower rate, expect the first thing they ask to be if they can lower your deductible.
2. **Credit Score.** This is pulled by the insurance company and is usually a soft hit on your credit, which means it does not impact your credit score like a loan application does.
3. **Current Coverage Level.** Arkansas state minimum is 25/50/25. A 25/50/25 policy will pay up to \$25,000 per person in liability for medical coverage up to a total of \$50,000 for the entire incident, and up to \$25,000 toward property damage. When searching for a new carrier, you often get better rates if you currently carry higher than the state minimum. If you do not understand coverage levels make sure you have your agent explain them.
4. **Current Insurer** - Some carriers will not quote you if you currently have a non-standard carrier.
5. **Claims** - Cost, number of claims, was there bodily injury, was the claim caused by a designated catastrophe?
Did you file a claim that was less than your deductible? It will show up on your CLUE report and it will likely count against you.
6. **Motor Vehicle Violations** - May be used for more than just auto rates.
7. **Coverage Lapse.** If there is ever a gap in coverage, try and work with your existing carrier to backdate your policy to eliminate the gap. This will likely impact your rates and prevent some carriers from accepting you.
8. **Dropped coverage.** This includes for non-payment.
9. **Continuous coverage lengths**
10. **Age, Sex, Occupation, Education**
11. **Zip code**
12. **Roof age.** Especially important in Arkansas due to special labor calculations that increase the amount insurance companies pay on older roofs.
13. **Fire Station ratings, distance to fire station, distance to fire hydrant**

Cyber Security Insurance



Businesses that process or handle customer information on computers, on computer networks, or over the internet can use cyber security insurance to protect against liability for potential data breaches. Although it has been around for more than two decades, it is becoming much more popular and necessary for businesses today. Could your company afford the potential liability of a stolen laptop with your clients' information? Do you send any client information over the internet, including in emails? This is a relatively inexpensive policy, probably about \$400 a year or less for a smaller business. It is worth considering when determining your insurance budget.

Supplemental Insurance

When offered through a business, this type of insurance is usually payroll deducted and paid by the employees, although it can be paid in full or part by the employer.

Examples include:

- Accident
- Cancer
- Critical Illness
- Life
- Disability

Questions to ask when researching supplemental policies:

- 1. Is this a group policy**
Group policies cost less and have more benefits such as extended coverage times (may cover you your entire life versus until age 65). Your company may also qualify for guaranteed issue policies, meaning they may write a cancer policy to someone that has already had cancer.
- 2. Is this policy transportable**
Can the employee take the policy with them if they leave the company, and does the rate change over time?
- 3. Does the policy have an age limit**
Does it continue their entire life, until 100, or until age 65, etc.
- 4. Are the rates age based**
Sometimes combining policies such as critical illness and cancer might seem like a good idea, but if one has age-based premiums and the other doesn't, then the combined policy will likely be age based. Look at your employees ages to help determine the best plans.
- 5. How long do you have to see a physician after an accident**
This one comes up quite a bit and each insurance carrier varies greatly. Some require less than 48 hours and others allow all the way to 90 days. If your child is hurt on a Friday game and you wait until Monday to take them to the doctor, make sure you know the rules of your accident plan.
- 6. Do your policies cover employees on and off the job**
Watch out for policies that do not cover your employees on-the-job. Some jobs may not qualify for on-the-job coverage like roofers, electricians, or firemen. If the option is available, it will reduce complaints by having on-the-job plans, especially on accident plans.

Resources

CLUE (Comprehensive Loss Underwriting Exchange).
They keep insurance loss and claim records.

To see your CLUE Report go to: <https://consumer.risk.lexisnexis.com/>
or Call 866-312-8076

Arkansas Motor Vehicle Records

\$13.00 fee to see MVR Report

https://www.ark.org/personal_tvr/index.php

Nearest fire station

Important to know when purchasing a property. Some insurance carriers will not insure properties greater than five miles from a fire station.

<https://fireinsurance.report/nearest-fire-station>

ARCountyData

Shows real estate information for most counties in Arkansas. Year home was built, size, purchase price and date, owner information, taxes, layout, number of bathrooms, etc.

<https://www.arcountydata.com/>

Most counties offer the information free of charge.

Life Insurance Policy Finder

Check for lost life insurance policies for deceased family members

<https://eapps.naic.org/life-policy-locator/#/welcome>

Must create a free account. Not automated searches. Must submit requests.

Your Insurance Team:



Matt Bartholomew
Matt@FBandL.com



Kelly Lowrimore
Kelly@FBandL.com



James Fennell
James@FBandL.com

F B & L Insurance LLC

(479) 340-0436

www.FBandL.com