

Insurance Term: Insurance to Value

Imagine how devastating it would be to lose your home in a fire. Now imagine not being able to rebuild it completely because you didn't have the correct amount of insurance.

Selecting the proper amount of coverage is the single most important decision you can make with your Homeowners policy. Without it, you may not have enough coverage to rebuild after a total loss. This is called "insurance to value." Below are some explanations and tips to help you make the right choices for your needs – and remember, if you need help, we're just a phone call away!

What is insurance to value?

Insurance to value is the relationship between the amount of coverage selected (typically listed as "Coverage A" or "Dwelling Coverage" on your policy declarations page) and the amount required to rebuild your home. Insuring your home for anything less than 100% insurance to value could mean you wouldn't have enough coverage to replace your home in the event of a total loss

Why is the cost to rebuild different from the market value?

A home's market value reflects current economic conditions, taxes, school districts, the value of the land and location, and other factors unrelated to construction cost. The cost to rebuild your home is based only on the cost of materials and labor in your area. It is important that you insure your home based on its reconstruction cost, NOT its current market value

Why is reconstruction more expensive than new construction?

New-home builders typically build many homes at once, and solicit bids from various sub-contractors to receive the best pricing. Their business model is based on economies of scale. For example, they may purchase 20 bathtubs at once, securing a

lower unit cost. These economies of scale don't exist when building a single home.

How can I make sure I have the correct amount of insurance?

- Work with your agent to provide detailed information at time of purchase to be sure that you receive a thorough and accurate quote.
 - Ask us about additional coverage options that may be available.
 - Review your insurance to value calculation on a regular basis with your agent.
 - Tell your agent about any changes or improvements that you make to your home.
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2019 Open Enrollment Checklist for Group Health Insurance

To prepare for open enrollment, health plan sponsors should be aware of the legal changes affecting the design and administration of their plans for plan years beginning on or after Jan. 1, 2019. In addition, health plan sponsors should make sure that open enrollment packages include certain participant notices. This Compliance Overview includes an open enrollment checklist for the 2019 plan year.

You can download this helpful PDF from our partners at Zywave.

[Click here.](#)

Let us know if you'd like to receive these kinds of notices. Email newsletter@allenif.com with your request.

Karen Reed Earns CPIA Designation



Karen Reed,
CRIS, CPIA

Karen Reed, a member of our business insurance team, recently earned the designation of Certified Professional Insurance Agent (CPIA), a professional designation conferred by the American Insurance Marketing and Sales Society ([the AIMS Society](#)).

The CPIA designation, received after completion of three in-depth seminars, stands for professionalism, commitment to sales training and results, and technical knowledge. The designation requires a bi-annual continuing education update.

Reed, of Appleton, has been with Allen Insurance and Financial for 25 years and specializes in insurance for contractors and large businesses. She is also certified as a Construction Risk and Insurance Specialist (CRIS), and is a member of the Maine Association of Building Efficiency Professionals.

The AIMS Society is the only insurance organization dedicated solely to recognizing training and service quality among property and casualty insurance personnel. The mission of the AIMS Society is to improve the selling skills and insurance knowledge of its members by upgrading professionalism through information and education, which will result in providing better service to the insurance-buying public.

Travel and Trip Insurance to Protect Your Investment



Vacations can sometimes cost thousands of dollars so it is important to have the proper insurance protection in case the cruise or tour operator goes bankrupt or you need to cancel the trip due to illness or other unforeseen events.

There are four major types of travel insurance, although you can also purchase packages that offer several options, including Trip Cancellation, Lost Baggage, Medical, Dental, Emergency Evacuation, 24 Hour Traveler Assistance, Baggage Delay, Travel Delay, and Accidental Death Coverages. Some policies also have options for Collision/Damage coverage for rented cars.

Travel insurance can cover:

- Trip cancellation or disruption as the result of illness or death, a crisis at work, financial default on the part of a at your operator or other unexpected events
- Medical treatment not covered by your existing insurance
- Getting home after a medical emergency, earthquake, tsunami or other environmental event or political upheaval

Generally, there are three types of insurance plans to cover these events. They are:

- Standalone evacuation plans
- Standalone medical insurance plans (including evacuation)
- A more comprehensive plan including trip cancellation and interruption coverage and medical and evacuation coverage

Among the many factors to consider:

- The coverage level your health insurance plan provides, for both emergency and non-emergency care outside the U.S.
- The likelihood you would have to cancel your trip because of an illness (you, your travel companion or close relative)
- The level of non-refundable costs involved with your trip

[Click for more information from III.org.](#)

[Get a travel or trip insurance quote from Allen Insurance.](#)

Rate Hikes Sought by Maine's ACA Insurers

Maine's two leading providers of Affordable Care Act-compliant individual health insurance are requesting average rate increases of just over 9 percent in 2019, and smaller increases if a state-run reinsurance program is revived.

Maine media has covered this news, including this story from the Portland Press Herald. [Click here.](#)

Anna Moorman Recognized for Medicare Sales Production



Anna
Moorman

Anna Moorman of Allen Insurance and Financial has been recognized as a top Medicare producer in Maine. Moorman is one of two agents at the company who specialize in the complex market of Medicare insurance, working with a number of insurance carriers to give customers a range of choices to suit their needs.

Moorman and her colleague Jo-Ann Neal are based in the company's Chestnut Street offices in Camden.

"Medicare is very complex and both Anna and Jo-Ann enjoy helping clients navigate the Medicare maze by simplifying the process," said Michael Pierce, company president. "At Allen Insurance and Financial, our goal is to provide dedicated, one-on-one attention to our Medicare customers, assessing each person's needs and finding options that will align with their budget and healthcare goals."

At a recent luncheon in Bangor, Anthem recognized Moorman for her work in the Medicare market, where she received an award for being the second highest performing broker for Anthem Medicare Supplement sales in 2017 for the State of Maine. She also received a second award for overall production of Anthem Medicare policies written in 2017, coming in fourth in a field of more than 200 brokers.

Meet Our Medicare Team at the MidCoast Senior Expo

Join Jo-Ann Neal and Anna Moorman at the MidCoast Senior Expo, Friday, May 18 from 9 a.m. to 2 p.m. at the Elk's Lodge, 210 Rankin Street in Rockland.

Jo-Ann and Anna will be ready to answer questions about Medicare. The event is expected to draw 32 exhibitors and is sponsored by Maine Senior Guide.

The Right Kind of Umbrella

We have all heard the jokes about Maine weather, and none of us would be without the essentials: our snow shovel and an umbrella. The question is: Do you have the right kind of umbrella?

You are responsible for bodily injury, property damage and personal injury caused to another person by you, your dependents, even your pets. Your home and auto liability have limits to what and how much they will cover in the event that you are sued. A Personal Umbrella Policy not only raises the dollar limit above and beyond your current policies, but also broadens what will be covered.

This is the way it works: Let's say your homeowners policy has a limit of \$250,000. You have a pool and a neighbor's child is injured while swimming. The neighbor sues you. The case is lost and your neighbor is awarded \$400,000.

Your homeowners liability kicks in and pays your limit of \$250,000. On top of that the policy pays the attorney fees you racked up to defend you in court. But what about the \$150,000 not covered? If you have an umbrella policy, it kicks in where the homeowners left off and pays the balance of the award up to its limit. If you do not have enough coverage on your homeowners policy and if you do not have an umbrella, the remainder of the award comes from you. Your paycheck, your house, your car, your assets!

One of the best aspects of an umbrella policy is that because they do not start to pay until the limits of your home or auto policy have been exhausted, they are very reasonably priced. On average you can purchase a \$1 million umbrella for less than \$150 a year. That's a little more than \$12 a month.

Only you can make the decision that best suits your needs. Individuals with teenagers, pets, pools, who volunteer in civic groups or who own a business should give careful consideration to the need for additional liability coverage.

Considering Self-Funding in the Battle Against Increasing Health Insurance Costs

By Sherree L. Craig, CEBS, Insured Benefits Division



Sherree L.
Craig, CEBS

With a predicted medical trend increase of 6.5% in 2018 (PwC), businesses can expect to see a bump in their health insurance costs again this year.

Until the underlying issue of the cost of medical care can be controlled, company health insurance plans will be impacted with higher premium costs, reduced insurance protection and increased employee dissatisfaction with their benefits.

More businesses are exploring the opportunity to be creative

with their company health plan offerings through a risk-mechanism called self-funding. What are they doing? They are paying for all of their employees' health care with the assistance of a third party administrator (TPA), insuring only their highest cost claims with a stop-loss insurance policy. This way, they have several advantages over a fully insured health plan.

1. Removal of insurance company overhead costs
2. Reduced state premium taxes
3. Improved cash flow and,
4. Flexibility in plan designs and service offered.

This flexibility leads us into several strategic initiatives considered next generation for health plan cost control, and employers are adopting these innovative ideas to help reign in their medical spending.

All health plans are required to pay 100% for preventive services. How about removing all financial obstacles (co-payments and deductibles) for the treatment of the chronic conditions that lead to the largest medical costs down the line? With this concept, "Value Based Plan Design" diabetics are getting proper testing and medications to prevent the catastrophic claim that is imminent without proper care. Another tool being adopted by self-funded health plans is the reference-based pricing model. A reference price (the most that will be paid) is determined for a treatment, either by a percentage of the allowable Medicare payment (i.e., what the federal government has to pay for that service) or by a study of comparable pricing from well-respected providers (Centers of Excellence).

The plan payment for any provider is capped at that reference price. A health plan might also choose to negotiate with that provider to accept that price (Direct Provider Contracting), or the health plan policy might be to have the member pay the balance bill if higher than the reference price.

Self-funding is not an answer for all employers. If you do choose to make that leap, or want to explore the opportunities, be sure to speak with an experienced professional. There is a lot of work to be done when moving in this direction and thorough education, preparation, and analysis is critical.

Sherree Craig is certified in self-funding by the National Association of Health Underwriters. The NAHU Advanced Self-Funding Certification ensures knowledge of regulatory concerns, service model options, cost-containment strategies and underwriting concepts necessary for providing advice and direction on employer self-funded health plans.

Chris Richmond Elected to Board of Directors of Maine Marine Trades Association



Chris
Richmond

Chris Richmond, a member of the marine insurance division of Allen Insurance and Financial, has been elected to a three-year term on the board of directors of the Maine Marine Trades Association.

Richmond, based in the company's Camden office, is a former schooner captain who maintains his USCG 100-ton master's license. He specializes in marine insurance, working with boat yards, builders and owners across the U.S.

Richmond has been with Allen Insurance and Financial since 2011. He is a graduate of The American University in Washington, D.C., and the Landing School of Boat Building and Design, where he serves on the school's program advisory board.