

# BENEFITS OF HAVING INSURANCE





A severe hurricane; automobile accident; leaky faucet; unexpected healthcare needs – experiencing any of these situations can have a devastating financial and physical impact on you and your family and insurance can play a significant role in helping you recover.

However, insurance is often viewed as optional and not a necessity.

Insurance has many benefits that can help maintain your family's financial stability when faced with unexpected situations.

Insurance can help

- reduce or eliminate costs of healthcare
- provide protection for finances and property
- offer a form of financial security

Given the significant role of insurance, it is important that you understand how insurance can be a financial resource during times of unexpected and devastating events.



REVIEW THE FOLLOWING SCENARIOS TO GAIN A BETTER UNDERSTANDING OF THE BENEFITS AND THE IMPORTANCE OF HAVING INSURANCE.

# HOMEOWNERS INSURANCE



## SCENARIO

A tree is struck by lightning during a storm and falls on your house damaging your roof. A licensed roofer says it will cost \$9,500 to repair your roof.

HOMEOWNERS INSURANCE PROVIDES FINANCIAL PROTECTION AND HELPS PAY FOR THE REPAIRS TO YOUR HOME.

Imagine having to cover the entire price of a roof repair. It could significantly impact your finances. With homeowners insurance, however, some of the costs are covered. You are responsible for a specific amount before insurance will cover repairs. That amount is called the **deductible**.

If the storm was a named hurricane, your deductible may be different, which is called the **hurricane deductible**.

Your insurance agent will outline the various types of coverage available and the deductibles you are responsible for.

In this scenario, let's imagine that the deductible on your homeowners insurance is \$1,000. This means, for the damage to your roof from the storm, your deductible is \$1,000 and you will pay it to the roofer; your homeowners insurance would cover the remaining amount, which is \$8,500, for a total of \$9,500.



# FLOOD INSURANCE

## SCENARIO

A severe storm impacts your area and the large amount of rain causes your neighborhood to flood. The area floods so much, that the water starts coming into your house from under your doors and walls.



Flooding can cause major damage to your property, some of which may not be seen until the contractor begins repairs. According to the Federal Emergency Management Agency (FEMA), just 1 inch of water can cause \$25,000 worth of damage to a home; 18 inches or more could mandate

repairs to the electrical system, heating/cooling system, doors, appliances, and cabinets. Imagine if you had to personally cover the cost to repair your wood floors and damaged walls as a result of a flood. Good news - flood insurance can provide financial assistance to repair your home. You may

think flood damage is covered by your homeowners insurance; however, most homeowners insurance policies do **NOT** cover damage caused by flooding. For coverage from flooding, you must buy a flood insurance policy. Your homeowners insurance company may offer flood insurance, or you may check with a private insurance company, the National Flood Insurance Program (NFIP) or your insurance agent for coverage options. Please note, depending on your flood zone and, if you pay a mortgage, your lender may require you to have flood insurance.

# RENTERS INSURANCE

## SCENARIO

There is a fire in your apartment building, and some of your clothes and furniture were damaged by the fire and smoke.



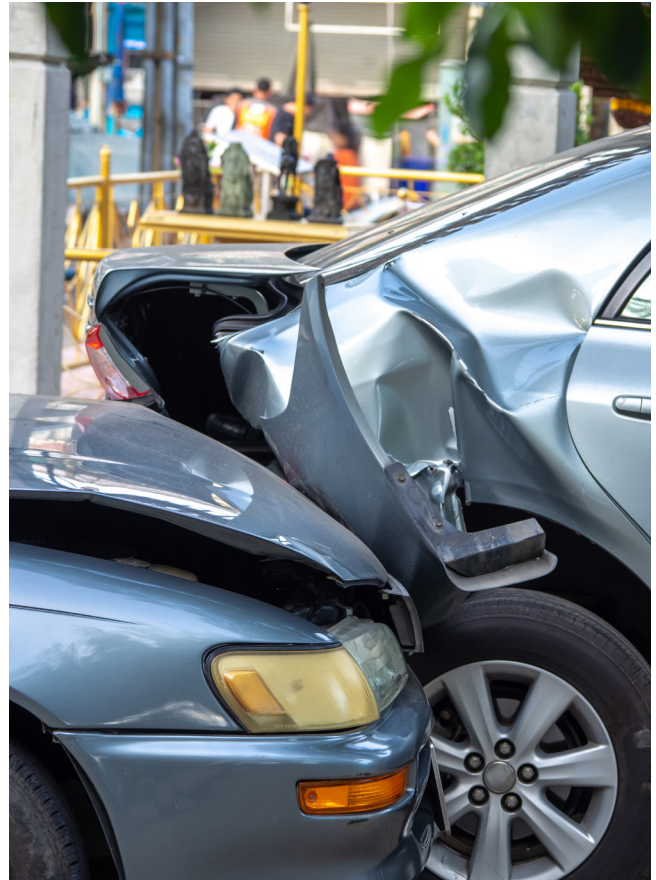
When you rent, your personal possessions are not covered by your landlord's insurance. Renter's insurance would help you financially cover the costs of replacing your clothes and furniture. If you did not have renter's insurance, you would be responsible for replacing or repairing your damaged possessions. Renter's insurance is relatively inexpensive and can offer significant coverage in the event of damage.

# AUTOMOBILE INSURANCE

## SCENARIO

You are driving your personal automobile and are approaching a traffic light. You start to slow down but accidentally hit the car in front of you which was already stopped.

Your personal automobile insurance would likely help to financially cover the costs associated with the accident. In this scenario, without insurance, you could be responsible for the costs to repair both your vehicle and the vehicle that you hit. If other property is damaged, you may have to pay for those repairs as well. You could also be sued for any injuries that were sustained as a result of the accident. Having automobile insurance can defer some or all of the associated costs and provide legal representation in the event of a lawsuit.



**Florida requires a person owning a personal automobile to purchase and maintain specific types of automobile insurance coverage:**

- a minimum of \$10,000 of Personal Injury Protection
- a minimum of \$10,000 of Property Damage Liability coverage

## PERSONAL INJURY PROTECTION

Personal Injury Protection is often referred to as “no fault” and will apply if you or your passenger(s) are injured regardless of who caused the automobile accident.

## PROPERTY DAMAGE LIABILITY

Property Damage Liability pays for the repair or replacement of another driver’s vehicle or damage to another person’s property caused by you or someone else driving your vehicle.

Some insurance companies offer extended or higher limits on Personal Injury Protection and Property Damage Liability coverage for an additional premium.

## OTHER TYPES OF AUTOMOBILE COVERAGE THAT MAY BE BENEFICIAL TO YOU ARE:

### BODILY INJURY (BI) LIABILITY

**Bodily Injury (BI) Liability coverage** pays expenses related to the injury or death of another driver, passenger, or pedestrian when the automobile accident is your fault or the fault of someone else driving your vehicle.

### COLLISION

**Collision coverage** pays the expenses to repair or replace the vehicle damaged in an accident regardless of fault. If your vehicle is financed, oftentimes most lienholders will require you to purchase collision coverage, otherwise, collision coverage is optional.

### COMPREHENSIVE

**Comprehensive coverage** may also be listed as Other than Collision coverage on your policy. Comprehensive coverage pays the expenses to repair or replace your vehicle if it is stolen or damaged by fire, vandalism, falling objects, flood, windstorm, or impact with an animal. Windshield glass repair is also covered under comprehensive coverage. If your vehicle is financed, oftentimes most lienholders will require you to purchase comprehensive coverage, otherwise, comprehensive coverage is optional.

### MEDICAL PAYMENTS ( MED PAY)

**Medical Payments (Med Pay) coverage** pays a portion of medical expenses and funeral expenses, as a result of injuries from a vehicle accident that are not covered by your Personal Injury Protection coverage.

### RENTAL CAR

**Rental Car coverage** pays for the cost of a rental vehicle while your vehicle is being repaired in the event your vehicle sustained damage covered under your comprehensive or collision coverage. Typically, there is a specific limit and time frame on this coverage. For example, some insurance companies place a per day limit restriction on the cost of your rental vehicle and they may pay for 30 days.

### TOWING/LABOR

**Towing/Labor coverage** provides emergency roadside service due to a breakdown or mechanical failure of your vehicle. Towing and Labor is usually handled on a reimbursement basis. Typically, there is a specific limit on this coverage.

### UNINSURED/ UNDERINSURED MOTORIST (UM/UIM)

**Uninsured/Underinsured Motorist (UM/UIM) coverage** provides coverage for you if you are in an accident and the other driver is at fault and does not have bodily injury insurance (uninsured) or does not have enough BI insurance (underinsured). This coverage does not apply to vehicle damages.

**Contact your insurance agent for more information on the pricing and availability of higher personal automobile insurance coverage.**

# HEALTH INSURANCE



## SCENARIO

You have an accident and are rushed to the emergency room. Following tests and scans, the doctor admits you to the hospital for several days. The unexpected emergency room visit and subsequent hospital stay were not expected and you have not financially planned for the associated medical expenses.

Health insurance helps cover the financial costs of healthcare by assisting with the cost of the emergency room visit and hospital stay, both of which could result in huge financial obligations if you are uninsured.

## COPAY

Depending on your insurance coverage, you may be responsible for a portion of the services as outlined in your insurance policy; this is called your **copay**, which is oftentimes a flat fee such as \$100 for a visit to the emergency room.

## DEDUCTIBLE

You may be required to meet a certain amount of expenses before insurance will pay for services; this is called the **deductible**.

Health insurance is often offered by employers but can also be obtained through insurance agents and the Affordable Care Act Marketplace. When selecting a health insurance plan, be sure to look at what your out-of-pocket costs will be and check to see if your medical providers are on the in-network list, which helps ensure your health insurance will provide payments for their services.

Let your insurance agent know what services you typically receive and the providers you usually see. Your agent will assist in determining the right company and coverage for you.



## SCENARIO

**A loved one, who was an integral part of your life and family and contributed financially to your home, passes away.**

The loss of a loved one can be emotionally and financially devastating. While support from friends and family can help you deal emotionally with the loss, life insurance can help financially.

When a person purchases life insurance, they are helping provide some financial security for their beneficiary, the person who receives the financial benefits. The funds can be used to help pay for funeral arrangements, settle outstanding debts, and help cover expenses while adjusting to life without your loved one.

Speak with your insurance agent about your finances and the amount of coverage needed to supplement that income in the event a loved one passes.



# ADDITIONAL TYPES OF INSURANCE



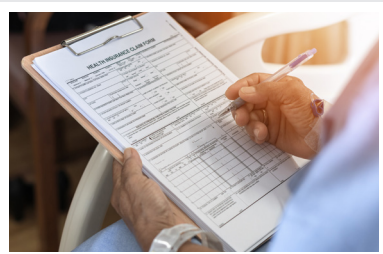
## ANNUITY

An annuity pays you an income on a regular basis for a period of time or at a future date.



## LONG-TERM CARE INSURANCE

Long-Term Care Insurance helps those with chronic illnesses, who need assistance with daily living activities and provides financial protections for the costs of nursing care in a facility.



## MEDICARE SUPPLEMENT

Medicare Supplement Insurance is a private health insurance policy designed to supplement Original Medicare.



## BAIL BOND

A Bail Bond is a financial guarantee that a defendant involved in a court action will appear to all of their criminal court proceedings in return for the release of the defendant from court custody.



## COMMERCIAL PROPERTY INSURANCE

Commercial Property Insurance protects the financial interests of commercial buildings and their contents against loss.



## TITLE INSURANCE

Title Insurance protects the homebuyer against loss or damage due to undiscovered issues with a title to a home/property, such as there being a lien on the home prior to purchase.



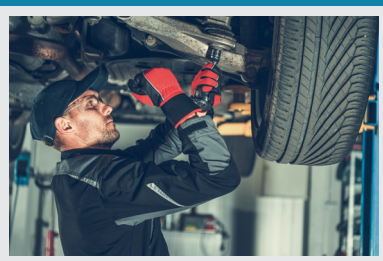
## HOME WARRANTY

A Home Warranty covers some of the cost of repair or replacement, or provides repair or replacement of some of the contents of your home or appliances.



## SERVICE WARRANTY

A Service Warranty provides financial protection against the cost of repair, replacement, or maintenance of the covered product.



## MOTOR VEHICLE SERVICE AGREEMENT

A Motor Vehicle Service Agreement provides coverage for the failure of a mechanical or other part on a motor vehicle.



## FOR MORE INFORMATION

If you have any questions about insurance coverage, consult with your insurance agent, insurance company, or the Department of Financial Services toll-free Insurance Consumer Helpline at **1.877.693.5236**.

**[www.MyFloridaCFO.com/Division/ICA](http://www.MyFloridaCFO.com/Division/ICA)**



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