

God's Plan For Finances

Insurance

3 I's to Financial Freedom

- Income

- Money/Assets

- Insurance

- Protection

- Investment

- Ways to make more money/Retirement

Definitions

- Insurance-a practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of premium.
- Insured-a person or organization covered by insurance.

Definitions

- Insurer-a person or company that underwrites an insurance risk; the party in an insurance contract undertaking to pay compensation
- Policyholder-a person or a group in whose name an insurance policy is held.
- Deductible-a specified amount of money that the insured must pay before an insurance company will pay a claim.

Definitions

- Lienholder-a lender that legally owns your property because they lent you the money to purchase it.
- Premium-an amount paid for an insurance policy
- Beneficiary-a person who gains an advantage and/or profits from something. A beneficiary is someone who is eligible to receive distributions from a trust, will, or life insurance policy.

Definitions

- Actual Cash Value-the amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss.
- Replacement Cost-the amount that an entity would have to pay to replace an asset at the present time, according to its current worth.

Types of Insurance

- Auto Insurance
- Gap Insurance
- Homeowner Insurance
- Health Insurance
- Life Insurance
- Renter's Insurance

Auto Insurance

Auto insurance is a contract between you and the insurance company that protects you against the financial loss in the event of an accident or theft. In exchange for your paying your payments, the insurance company agrees to pay for losses as outlined in your policy.

Auto Insurance Coverages

- Liability Insurance –is a financial protection for a driver who, while operating a vehicle, harms someone else or their property. **THIS IS THE MINIMUM INSURANCE COVERAGE REQUIRED TO DRIVE A VEHICLE BY LAW.**
- Uninsured Motorist-protects if you're in an accident with an at-fault driver who doesn't carry liability insurance. **THIS COVERAGE IS SUBJECT TO A DEDUCTIBLE.**

Auto Insurance Coverages

- Comprehensive-a coverage that helps pay to replace or repair your vehicle if its stolen or damage in an incident that's not a collision. **THIS COVERAGE IS REQUIRED IF YOU HAVE A LIENHOLDER AND IS SUBJECT TO A DEDUCTIBLE.**

Auto Insurance Coverage Cont.

- Collision-a coverage that helps pay to repair or replace your car if its damaged in an accident with another vehicle or object, such as a fence or a tree.
THIS COVERAGE IS REQUIRED IF YOU HAVE A LIENHOLDER AND IS SUBJECT TO A DEDUCTIBLE.
- Medical Payments-this coverage may help pay you or your passengers' medical expenses if your injured in a car accident.

Auto Insurance Coverage Cont.

- Rental Reimbursement-a coverage that helps you pay to rent a car , but only if you need it because of a covered loss.
- Towing & Labor-this coverage pays the cost of towing your vehicle to a repair shop when its unable to be driven.

Gap Insurance

- Gap Insurance helps pay the “gap” between what you owe on a car and what it is currently worth (Blue Book Value). This coverage may apply if you’re “upside down” on your auto loan.
- Gap coverage exist to protect those who are financing and those who lease a vehicle because it will help to pay off the loan after your auto insurance has paid its portion.

Gap Insurance

- For example: you're involved in a covered accident and are found not at fault. Your car needs to be replaced. You still owe \$15,000 on your loan, but your car's ACV is only \$11,000. If you have gap insurance, it can help you cover the \$4,000 gap between what you owe on your loan and what your car is worth, after your deductible.

Homeowner's Insurance

Homeowner's insurance provides you with financial protection in the event of a disaster or accident involving your home. It also provides coverage for the assets in the home and liability coverage against accidents in the home or on the property.

Homeowner's Insurance Coverage

- Dwelling Protection- a coverage which helps cover the structure of the home as well as other structures that are attached to it, such as a garage or a deck
- Other Structures-this coverage protects structures that are on your property, but separate from the home, like a detached garage, tool shed or fence.

Homeowner's Insurance Coverage

- Liability Protection-this coverage is provided to cover the expense when someone who does not live with you is injured on your property. Bodily injury liability coverage may help pay for your resulting legal expenses or the visitors medical bills if you are found at fault.

Homeowner's Insurance Coverage Cont.

- Personal Property- this coverage provides protection to your belongings in the event of theft or fire. It may repair or replace your belongings if they are destroyed by a covered risk.
- Additional Living Expenses provides for cost you incur, such as hotel bills, if the property that rent is damaged and uninhabitable.

Homeowner's Insurance Coverage Cont.

HOMEOWNER'S COVERAGE IS SUBJECT TO YOUR POLICY DEDUCTIBLE. MOST HOMEOWNERS POLICIES HAVE A \$1000 DEDUCTIBLE. SO THE DAMAGE TO YOUR HOME OR THE TOTAL OF A THEFT, WOULD NEED TO EXCEED THE DEDUCTIBLE AMOUNT IN ORDER TO FILE A CLAIM. MAKE SURE THE COVERAGE ON YOUR POLICY IS REPLACEMENT COST AND NOT ACTUAL CASH VALUE.

Health Insurance

Health insurance is a contract that requires a health insurer to pay some or all of your healthcare costs in exchange for a premium. Health insurance covers medical expenses for illnesses, injuries, and conditions. When choosing a health insurance plan, choosing a plan with a higher deductible means that you are responsible for a greater amount of your initial health care costs, saving the insurer money.

Health Insurance

It is more beneficial to purchase a health insurance policy with a lower deductible, however, your monthly cost are generally more expensive. It is usually best to choose the insurance that is offered through your employer. However, if they do not provide coverage, you are able to purchase health coverage at www.healthcare.gov under the Affordable Care Act.

Life Insurance

Life Insurance is a contract between an insurer and a policyholder in which the insurer guarantees payment of a death benefit to named beneficiaries upon the death of the insured. The insurance company promises a death benefit in consideration of the payment of premium by the insured.

Types of Life Insurance

- Temporary or Term Life Insurance provides protection for specified period of time only, like a term of 10, 20, 30 years. Term is the most affordable coverage because it doesn't have any additional features, all it offers is pure death benefit. This type of insurance to purchase more coverage with less money.

Types of Life Insurance

- Permanent Life Insurance provides a death benefit for your entire life and it's also an investment. A portion of the premium you pay goes into an account known as the policy's "cash value" and it grows on a tax deferred basis until you take a withdrawal or borrow from the policy. The downside to permanent insurance is that it's expensive and comes with fees and commissions that usually reduce your return.

Types of Life Insurance cont.

The three most common types of permanent life insurance are:

Whole Life-this gives you a guaranteed death benefit, a fixed premium, and a guarantee rate of return. This is the most expensive type of life insurance.

Types of Life Insurance cont.

Universal Life-This policy is more flexible than whole life, and is less expensive. With universal life you get a minimum rate of return, which can go quickly because it can grow more when the markets go up

Variable Life-Variable life is similar to universal, but you get to choose how to invest your money. This is the most flexibility and risky of all of the permanent policy.

Renter's Insurance

A renter's insurance policy is designed to help protect you and your belongings. Most renters insurance policy includes liability coverage, protection for your belongings and coverage for additional living expenses, should the home you're renting become temporarily uninhabitable. The property that you may be renting has coverage to protect it, but it does not cover a renter's personal belongings.

Renter's Insurance Coverages

- Personal Property is the cost to repair or replace your belongings, such as clothing, furniture and electronics, up to the limits of your policy.
- Liability coverage pays for repairs if you accidentally damage someone else's property or a guest's medical bills if you are found responsible for their injuries.

Renter's Insurance Coverages

- Additional Living Expenses provides for cost you incur, such as hotel bills, if the property that rent is damaged and uninhabitable.

Renter's Insurance Coverages Cont.

RENTER'S COVERAGE IS SUBJECT TO YOUR POLICY DEDUCTIBLE. SO THE DAMAGE TO YOUR PROPERTY OR A THEFT WOULD NEED TO EXCEED THE DEDUCTIBLE AMOUNT IN ORDER TO FILE A CLAIM. MAKE SURE THE COVERAGE ON YOUR POLICY IS REPLACEMENT COST AND NOT ACTUAL CASH VALUE.

HELPFUL HINTS

- Try to bundle your coverage with one provider, many times there are great discounts if you do.
- Your credit score may affect the rate of your auto and home premium.
- Filing too many claims, can cause carriers to cancel you and make you a higher risk, thus increasing your auto and home premium.

HELPFUL HINTS

- Buy life insurance while young and healthy for the best rates.
- Your overall health plays a factor in your life insurance premium, obesity, diabetes, heart disease and other factors may make it difficult for you to purchase coverage or prevent you from being covered.