

ARE YOU SKYDIVING WITHOUT A PARACHUTE?

A Guide to Protecting
Your Future Wealth



PERSONAL INSURANCE



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PROTECT YOUR HEALTH... AND YOUR WEALTH!

You'd likely consider protecting your health by wearing a parachute if you were skydiving. If you think protecting your wealth is just as important, then read on...

How can skydiving possibly have any relation to your insurance? Admittedly, at first glance these two couldn't appear more different. But for health reasons (for example, making sure you're still alive when you hit the ground) if you were planning on jumping out of a plane tomorrow for the first time in your life, you'd probably have a few questions and perhaps a handful of concerns. Your list might include the following:

- How experienced is my instructor?
- Are there any holes in my parachute?
- Is my parachute operating effectively so when I pull the cord, it will open?
- How well is my parachute fitted to the size & shape of my body?

Consider this: if you weren't entirely satisfied with the answers to all of these questions, how comfortable would you be risking your life by jumping out of that plane?

Now you might be wondering, how does any of this relate to me? To my insurance? Well the short answer is: **Quite a bit!**

You see, this skydiving analogy is a great example because the result of poor or inadequate planning can be disastrous – most likely, your health won't be in tip-top shape! And once this disaster occurs, there's little that can be done to reverse its effects. Chances are, you won't be skydiving again – or much of anything else for that matter.

Because the potential for disaster is so great, much time and attention is given to the entire process of skydiving. Everything is carefully reviewed from proper technique to perfectly tuned equipment. Why? Because the least little mistake can have absolutely devastating results.

So, if you are this conscientious when it comes to something that can have such a damaging effect on your life and the lives of your family, why wouldn't the same time and attention be given to other potential disasters that could have the same effects?

**NOT JUST
INSURANCE,
BUT HEALTH
& WEALTH**

Enter the world of insurance protection. Not that dissimilar from our skydiving example. Failure to properly plan BEFORE an accident (claim) and there might not be any remedy. It could be too late to reverse the devastating effects.

Let's take our list we reviewed a little earlier and break it down in terms of protecting your financial health:

- **HOW EXPERIENCED IS MY INSTRUCTOR (AGENT)?**

This is fairly straightforward. You probably wouldn't prepare to jump out of a plane for the first time with instruction from someone that has no skydiving experience. The same theory applies to your insurance protection. Make sure you're working with an insurance advisor and insurance agency that are experienced. **In short, your financial health depends on it.**

- **ARE THERE ANY HOLES IN MY PARACHUTE (GAPS IN MY INSURANCE COVERAGE)?**

While a parachute that opens properly is a great first step, **if it has a hole, how do you think your skydiving experience is going to end?**

Consider the same with your insurance. If you have insurance for a claim,

that's a great first step. **But what if your coverage is drastically inadequate to compensate you for your loss (you have a gap in coverage)?** If you purchased your house 15 years ago, you likely purchased homeowners insurance at the same time. Do you remember what the coverage amount was? Have you reviewed it yearly to make sure the coverage amount kept up with inflation and the rising cost of construction materials? Check out this real-world example (names changed of course):

John Smith purchased his 2,200 square foot house 12 years ago with a mortgage amount of **\$112,000**. Up until this time, John had been renting and was unfamiliar with homeowners insurance but the bank was requiring the insurance in order to close the loan. So John bought a policy with **\$112,000** of coverage. He was happy because he could close on his first house. The bank was happy because they had the coverage in place they needed to protect their \$112,000 interest in the property.

Fast forward eleven years, and John had a small kitchen fire which quickly became out of control, spread through the walls and resulted in John's house being entirely destroyed. He thought he was covered, and he was... for \$112,000. So what's the problem here? At the time of the fire, the average cost per square foot for residential construction in John's area was \$115 which means to rebuild John's house would cost \$253,000. That's a serious gap in coverage - **more specifically a \$141,000 gap** (which doesn't even consider the coinsurance penalty he would have faced). Would that affect your financial health? To most, that would be enough to severely impact their overall health, not just their financial situation.

- **IS MY PARACHUTE OPERATING EFFECTIVELY SO WHEN I PULL THE CORD, IT WILL OPEN?**

What good is having the parachute strapped to your back if you pull the cord and nothing happens? The same goes with your insurance protection? The standard insurance contract (policy) is full of numerous exclusions, most of which the average consumer is completely unaware of until their time of need – **how would you feel if you made a claim under your policy only to find out you don't have coverage for your loss?**

A perfect example is coverage for damage that results from a flood. Many people that purchase a [homeowners insurance policy](#) believe they have coverage for any type of loss to their house including that caused by a flood. The fact is, flood is a common exclusion on nearly every homeowners policy. Fear not, coverage is available with a [Flood Insurance Policy](#), but most people don't know about this until they have a loss.

While exclusions might be an unwelcome addition to your policy, what's even more frustrating is the number of exclusions that exist in the standard homeowners policy. And that's just the beginning. There are exclusions in almost every policy you have from your auto policy, umbrella, jewelry, business, life, etc... And if you don't have an experienced advisor/agent reviewing these exclusions for you, you're on your own to make sure you're covered for all the different types of losses for which you expect coverage to apply.

- **HOW WELL IS MY PARACHUTE FITTED TO THE SIZE & SHAPE OF MY BODY?**

You probably wouldn't use a parachute that's manufactured for someone three times your size, right? How well is that going to function when you pull the cord? Will the parachute slip right off your back? Why would you buy an "off-the-shelf" insurance policy? Consider this... do you think the average policy offered by an insurance company will adequately protect Oprah's house? What if the average policy DID properly protect Oprah's house... would you want to pay for the same type of coverage she likely pays for her "average policy"?

Everyone is unique and has their own set of needs. As an investor, the level of risk you're willing to accept is not the same as everyone else. You might risk more for the chance to earn higher returns. Alternatively, you might purchase an annuity or keep your money in the bank to eliminate as much risk as possible. Your insurance protection is no different. Some losses, such as a flood or earthquake, might be of absolutely no concern to you. If so, why pay a premium for a loss you're not concerned about.

Insurance policies aren't one size fits all... you should have the policy that's perfect for YOU; no more, no less.

Let's go back to that investment example for a minute. Did you ever consider the deductible you select for your different policies is essentially the same measure of the risk you're comfortable accepting? If you're willing to risk a bit more (you choose a higher deductible), **you can reduce your annual premium.** In this example, your risk is that you will have a claim and have to pay more out of your own pocket due to the higher deductible. However, your reward is a lower premium.

There are literally hundreds of examples similar to these. And if you purchase that "off-the-shelf" policy, it's simply what the insurance company has decided for you. Wouldn't you prefer to custom fit that policy to your needs and desires? Pay for the coverage you want and eliminate the coverage that you don't need or want? It's a simple process but one too often overlooked until it's too late.

CONCLUSION

If you had to jump out of a plane tomorrow, you'd probably want to make sure the parachute strapped to your back was going to open and operate correctly to bring you safely to the ground. **And the time to make sure your parachute will operate correctly is before you're free-falling toward the ground at 124 mph! The same logic applies to your insurance protection.**

The time to review your insurance protection is before you need it. Once the loss occurs, it's likely too late. Depending on the severity of the claim, inadequate or improper protection could easily ruin your financial future. It's not uncommon for those uninsured to lose their house, their assets, current and future wages, savings & retirement funds. Yes, this is terribly tragic. What's even more tragic? Knowing it could have easily been prevented had the proper steps and planning taken place before the loss occurred!

Make sure you're not gambling with your future by neglecting something as important as your insurance coverage. Your health and your wealth depend on proper insurance protection!

ABOUT THE AUTHOR



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WHAT COVERLINK CLIENTS ARE SAYING

“ Not only are the people at CoverLink working for me, but they have also become friends over the years because they are the type of individuals you can count on and who honestly care about their people from a business and personal standpoint. I would not put my business and family in the hands of anyone other than the wonderful, professional, and dedicated staff at CoverLink Insurance. Thank you CoverLink staff for a job well done!



Mark Muirhead

“ The entire team at CoverLink has been a great source of advice when it comes to protecting my family and business with insurance and sound risk management. When I have a question I simply call or email and it gets answered promptly, it's nice having people who truly care about me and my family's well being. I highly recommend you call them for a second opinion for your home, auto, life and business insurance needs.



Matt Brown



CoverLink Insurance is an industry leading, independent insurance agency, that has been obsessively protecting and caring for its clients since 1920.



It begins with a simple question: why? Why do we do what we do? What do we believe?

At CoverLink, we care deeply about our clients. We want to be there to pick up the pieces when tragedy strikes their lives. We exist because of our unwavering commitment to, and compassion for, our clients. To us, it's about people, not policies. People have assets to protect.

People have loved ones they care for and employees who depend on them. People have dreams to pursue. We believe it's our responsibility to safeguard the people we care about.

Request a Proposal

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