

## Insurance Company Risk Management

The insurance business is inherently risky for the insurance company and agent. As an insurance agency, your company must provide service to your customers in the form of financial security and peace of mind. However, you also need to balance this service with smart risk-taking so you don't end up spending more money than the amount that comes in from clients. This is where the fine art of risk management comes into play.

Risk management is the science of keeping your clients and your company safe from financial ruin. The customer needs coverage in the form of insurance and your business needs to stay afloat by not spending too much money. Whether you work in home insurance, auto insurance, business insurance, or any other kind of coverage, risk management is essential if you want your business to thrive for years.

Some areas of risk management include:

- **Insurance Risk** – This form of risk involves the services you offer as an insurer. You need to sell coverage that is useful to the client but also not so expensive for your organization if you need to pay a claim. The risk here can be handled in many different ways. Some companies opt to charge higher rates for higher-risk clients and situations, while others offer lower rates in hopes of gaining more clients and, therefore, more income. As an insurer, you need to balance the cost of policies with the chances that the policy will lead to claims. This issue is further complicated by events such as natural disasters, where even the lowest-risk clients will need to file claims for their damaged goods.
- **Strategic Risk** – This area of risk is more focused on handling the competition. How do you make sure that your company stays competitive with other insurance agencies? How do you make sure you retain your current client base and grow it as well? Offering better rates may bring in less money per client, but it is an effective way to pull customers away from a competitor. Unique services and personal attention to your clients is another great way to mitigate the risk of competitors taking your clients, and can even lead to some of their clients switching to your company. Most importantly, a willingness to try something new is essential, as the world continually changes, as does the insurance industry. The biggest risk is to keep things the same and simply say “We have always done it this way.”
- **Investment Risk** – Investment is one way most insurance companies obtain capital to run their business. Shareholders and investors provide funding that is used for paying out claims, marketing the company, and generally keeping the business going. The company can also invest its own dollars in many different ventures, creating more wealth for the organization in the long run. Like all investments, there is the risk of loss, especially in a downturned or fluctuating economy. Carefully planning out where the money will be invested, and for how long, will help mitigate the risk greatly.
- **Operational Risk** – There are even risks in the realm of operating the business. Like any company in the modern-day, hackers and viruses can cause all kinds of trouble, from destroying computer files to exposing sensitive data to cybercriminals. In addition to these worries, the loss of private data can result in legal issues for a company, so it is very important to have high-level

security installed on all company computers, as well as provide training for all employees on how to handle potential threats. Various other operational risks also exist, such as having an office in a flood zone or having a company vehicle get into an accident. Whatever can be done to control these risks should be done and regularly checked for efficiency.

There are many good reasons to consider creating a thorough insurance company risk management plan. The safer you are from major financial risks, the less likely you are to lose great amounts of capital. At the same time, some level of risk must be taken to see financial gain. Shareholders and investors also want to see regular growth and upward mobility when investing, so a proper amount of risk will entice more investors, bringing in extra operating capital.

Insurance company risk management is not easy and it's an ever-changing game. A careful study of the risks and willingness to change company policies are very important and can be the keys to long-term success in a business full of risk.

## First-Time Home Buyer Tips And Tricks

Buying your first house is one of the most exciting and scary times in your life. With so much to think about, it can be tough to make sure you are getting the best deal and the right place for you and your family. It can be fun to shop around but it can also be stressful to think that your next home will be your home for many, many years to come.

When shopping for your first home, be sure to learn about the neighborhood, thinking about the kinds of stores and public places you like to visit regularly. Also, shop around for mortgage loans that offer good rates for your price range. When you choose a house, make sure to schedule a pre-purchase inspection. That way, you don't wind up with any bad surprises when you move in. Finally, make sure you get good [homeowners' insurance](#) to keep you covered against damage.

Let's look closer at each of these tips for buying your first house.

### Learn the Neighborhood

Every city is different from others and every neighborhood can be the same way. Some are fast-paced while others are slower, some are urban while others are rural. Before you start looking at houses, consider what you want nearby when choosing a neighborhood.

Look at the kinds of stores you commonly shop at, what kinds of public services you enjoy such as parks and libraries, and consider the town's distance to your job. Crime rates may also be a good aspect to look at when choosing a place to live. All of this info is available online with a few quick searches.

### Shop Around for Mortgage Loans

Not all mortgage loans are created equal. No matter your credit, savings accounts, or monthly income, loan rates can be very different from one bank to the other. Pay close attention to the details of any offer and don't be afraid to get a few quotes and go back to a bank to ask for a matching rate. After all, if they don't offer a rate you like, they don't get your money.

As a first-time homebuyer applying for a mortgage, you will qualify for an FHA loan. This type of loan allows a first-time buyer to pay as little as 3.5% on the down payment rather than the standard 20% of most mortgages. This can be a huge help in getting into your first house and making it easier to handle closing costs. Even if you've bought before, you may qualify for an FHA loan.

Also, look for special programs for home loans. Some cities, states, and even the federal government will offer special discounts to military veterans, teachers, healthcare workers, or government workers. You may qualify for a lower mortgage payment you don't even know about. Your real estate agent could guide you to these programs, too.

### Get a Pre-Purchase Inspection

Nobody likes surprises, especially when they involve costly house expenses in the form of repairs. Just because the house looked great when you took a tour doesn't mean that there are no issues beneath the surface. This is where a pre-purchase inspection will help.

Before buying a home, inspectors can be hired to look over the property from top to bottom, surveying the pipe systems, the water heater, the HVAC system, and more. They will provide you with a detailed

list of any moderate to severe issues the home may have so you can know how many repairs you may need to perform down the line.

Armed with this information, you can take a few different actions. If you have the funds, you can simply buy the house and do the repairs. If not, you can ask the current owners to either perform the repairs or take enough cost off the asking price to cover the inevitable fixes. Finally, you can always walk away and look for another house. If you get a home inspection revealing major problems, it's worth looking elsewhere.

### Homeowners Insurance

One of the most important tips for buying your first house is making sure to find quality homeowners insurance. No matter where you live, a wide range of problems can arise that will only be covered by a homeowner's insurance policy. Usually, this insurance covers basic property damage, such as storm damage or a tree falling on the house, along with basic liability damage, such as someone being injured while on your property.

Extra coverages are available and could be just as important as the base coverage, depending on where you live. Flood insurance is a very good idea for those living near the coasts. For us in the southwest, [monsoon season](#) can be a headache if you don't have the proper coverage. Also, keep in mind that [mobile home insurance](#) is a bit different due to the size and cost of mobile homes.

Just like your mortgage, be sure to shop around for the best rates and policies. There are many different levels of coverage and it is important to know what is covered and for how much.

These are just a few tips for buying your first house. With good planning, you can make sure you get the best deal and the best quality place that works for you. As with any major purchase, be sure to do your homework and know how much house you can afford. Don't be afraid to ask questions and seek advice every step of the way.

## FinAsst - PFSC – Strategies to Make Life Insurance More Affordable (notes)

Assignment – [https://docs.google.com/document/d/1xallOa76DRnvlozTS5pv-rXKYHjpGTG1b-Y\\_AD7TKoM/edit](https://docs.google.com/document/d/1xallOa76DRnvlozTS5pv-rXKYHjpGTG1b-Y_AD7TKoM/edit)

Page –

<https://www.payingforseniorcare.com/best-life-insurance>

Resources –

<https://www.forbes.com/sites/forbesfinancecouncil/2021/08/17/four-little-known-ways-to-save-on-life-insurance/?sh=19c170ed7d26>

<https://www.foxbusiness.com/money/want-cheap-life-insurance-consider-strategies>

<https://havenlife.com/blog/cheap-term-life-insurance-policies/>

### Edits:

and many seniors are particularly interested in **small, whole-life** policies

Mutual of Omaha has a **long-term** care rider for those who want funding options

Perhaps of greatest interest to seniors is that this brand has a **long-term** care rider.

Transamerica offers some very good options including a **long-term** care benefit

Offers a **long-term** care benefit, an accidental death benefit, and an accelerated death benefit

Overall, the only popular rider option for seniors was a **long-term** care option called the Flexible Care Benefit Rider.

Offers a Flexible Care Benefit Rider for **long-term** care

Mutual of Omaha has a **long-term** care rider for those who want funding options

No **long-term** care rider, accidental death rider, or rider that guarantees insurability available to seniors

However, Nationwide offers a **long-term** care rider

Has a **long-term** care rider and an accidental death benefit rider for seniors

**Protective** earned a **sixth-place** tie

For seniors who are looking for a **long-term** care solution

This rider is billed as an alternative to traditional **long-term** care options

but customers can also obtain quotes from **third-party** brokers online.

Earned the **third-highest** Fortune 500 ranking of reviewed companies

**Long-Term Care:** These riders can be arranged in all different kinds of ways,

Does the company offer **its** quotes through popular **online brokers**, too?

The Varying **Long-Term** Financial Impact of Different Policy Types

## What You Should Know About Life Insurance

- According to a study by [PolicyGenius](#), 40 percent of people with life insurance regret not buying a policy sooner.
- Life insurance offers consumers peace of mind that they can leave money behind for loved ones when they die.
- According to [Lincoln Advantage](#), funeral costs alone can range from \$7,000 to \$12,000.

- Life insurance policies come in a wide variety of forms, featuring different eligibility requirements, policy lengths, policy payouts, and coverage options.
- Paying for life insurance can be costly, especially for those who purchase a policy in old age.
- There are many strategies available for lowering the cost of life insurance.

## Strategies to Make Life Insurance More Affordable

### 1) Shop around for the best deals

Like many big purchases, shopping around for the best rates is always a good idea. Every life insurance provider has their own set of criteria for assessing their financial risk when offering a policy. One company may charge you extra due to factors such as weight, family medical history, and living habits while others may not.

Work with an independent insurance broker if possible when shopping for life insurance. They won't be obligated to try to sell you on a certain company's policies. Instead, they can search for the best combination of coverage and cost savings.

### 2) Choose the plan that fits your situation

Every person's situation will be different from others, and so there isn't a perfect life insurance plan for everyone. Consider your own life and the lives of your beneficiaries to determine which type of plan you should purchase.

People with certain jobs, health conditions, number of dependents, age of dependents, and other life characteristics can benefit from certain policies more than others. You may only need a low level of coverage right now due to good health and a low-risk job. Buying a low-level policy today may be good enough for now, and you can always purchase additional coverage down the road.

### 3) Avoid adding riders that you don't need

Life insurance riders are additional forms of coverage that are tailored to specific situations. Riders of all kinds can be added to a policy, such as riders that allow for early benefit payouts, convertibility riders that allow a policy to be converted into another type down the road, and more.

While riders can provide extra coverage and peace of mind, they can also add to the cost of life insurance. Be sure to look closely at these riders and decide for yourself if the benefits outweigh the additional cost.

### 4) Take the 'ladder' buying approach

When purchasing life insurance, consumers can choose from a variety of plans, featuring different levels of coverage and different lengths of time for their policy. Many

people think of buying a decades-long policy with a high payout, but it may be beneficial to purchase two or more policies with shorter terms and lower coverage options.

Instead of purchasing a 30-year, \$1mm policy, a consumer could buy a 15-year, \$500,000 policy along with a 30-year, \$500,000 policy. They would have the same coverage amount for 15 years and save on the cost of their life insurance in the long run.

#### **5) Buy as early as possible**

While it may not seem like a strategy for saving money, buying life insurance as early as possible could save you money in the long run. Insurance companies are willing to let you lock in lower rates if you're applying at a younger age with a lower risk of dying during the policy term.

When young, healthy people apply for life insurance, they can lock in a less expensive rate that will follow them for years. For example, someone buying a 30-year policy at age 50 will have coverage until their 80 based on their health status when they applied. Someone who applies for the same policy at 60 will pay significantly more, even through 20 of the same years (age 60-80).

#### **6) Consider how much coverage you need**

Life insurance policies come at a variety of benefit levels. Some plans pay out as little as \$50,000 while others can go up to \$1mm or even more. There's no need for you to pay for a policy that goes well above and beyond anything your family would need.

A basic rule is to consider your life insurance policy as a tool to replace 5 to 10 years of income. If you earn \$75,000 per year, a policy of \$750,000 may be perfect. You can also take any additional money you would have spent monthly on a larger policy and allocate it to savings or investments as another tool for covering your expenses.

## **How to eliminate your credit card debt**

Nobody wants to be in credit card debt but luckily there are many options available to help you get out of the situation. The Fair Credit Act allows you to see what is in your credit report for free once per year and allows you to dispute wrong information that could be impacting your credit. You can consolidate your debt with the help of credit counselors or a law firm, lowering your interest rates and helping you pay more toward the principal balance every month. Creating a budget and sticking to it will help control costs. Paying off high-interest cards before anything else will lower your overall cost quickly.

Here are some details on how to eliminate credit card debt efficiently.

### **Create a budget**

A budget is a detailed plan for how you will spend your money. Most people can look at their paycheck and figure out how much income they receive every month. Taking this amount, you can look at every cost in your life and figure out what you need to spend on and what you don't.

Certain bills like rent (or mortgage), utilities, and various types of insurance are a necessity and typically have a set cost per month. Once you figure out those costs, you can figure out how much is left for other areas and start planning around the money you have left. Are there any foods you typically buy that can be purchased for a lower cost? Could you downgrade your internet, TV, or phone services to save money? Look into every area of your life where you can cut costs.

Once you have found some extra cash, be sure to set it aside for paying off your debt. The more you have available to pay the debt, the quicker it will vanish from your life.

### **Pay off high-interest-rate cards first**

Every credit card has different rules and rates. Look at your card's agreement or call the company to find out what your annual percentage rate (APR) is for each card. Then, be sure to pay off the card with the highest interest rate first until that debt is wiped out. Even if all you can afford are minimum payments, it is worth paying down the highest rate card first.

When you hold debt on a high-interest card, it creates more interest than the other cards. This is just more cost for you to pay, so it's always a good idea to try paying off the balance of these cards before any others. While your other cards may go unpaid, at least the amount of interest accruing on them is less than if you failed to pay off the higher-rate card.

### **Get a new credit card with 0% APR and do a balance transfer**

Even when you are deep in credit card debt, you can sometimes get another card. Search around for a balance transfer credit card that offers an introductory 0% APR rate. These cards allow you to move the



balance you have on one card to the new card. Once your debt is on this new card, it will incur no interest for the length of time mentioned in the offer.

This is a great way to give yourself time to pay off your debt. Instead of paying a high interest rate every month to the card issuer, your credit card balances will sit on a 0 percent interest card, allowing your monthly payments to go toward the debt itself, not just interest. If you can put all your credit card debt on a 0% APR card, even better.

Another bonus: Many credit cards now offer points for every purchase you make. Each point typically equates to one cent and can be cashed out for payment toward the credit card. Basically, the credit card company gives you one percent cashback on your purchases. It may not be much, but it can add up quite a bit over time.

### **Reach out to a lawyer for debt consolidation**

Law firms like Jeffrey B. Kelly specialize in helping people pay down their credit card debts. A lawyer can speak on your behalf to the creditors and garner a deal for you to pay a much smaller amount of your debt rather than the whole thing. They can also help lower your interest rates so you can make higher payments on the principal balance of your credit cards.

Law firms that specialize in debt consolidation understand your situation, so they make sure to charge reasonable rates for their service. Most of the time, they can lower your overall cost enough to make up for any fees incurred by hiring them for debt consolidation. In the end, you save much more money when you work with a firm like Jeffrey B. Kelly.

Learning how to eliminate credit card debt is easy, but doing it can be tough. Luckily, there are many ways to handle it. With a bit of financial planning, paying off the right debts at the right time, and reaching out for legal help to consolidate, you can wipe out your bill quicker than you may think.

Most importantly, get started as soon as possible. The longer you wait to tackle your credit card debt, the harder it will become to get out of it. If you start now, you will be one step closer to financial freedom.