

Managing Your Personal Risk?

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What events could jeopardize your family's assets, safety, or well-being? How have you prepared to handle those events if they should occur? A personal risk management plan can help identify those threats and how to most appropriately deal with them. One of the techniques used in risk management is *transferring* the risk. With this technique, you transfer the financial responsibility for the event (fire, collision, etc.) to another party. This is most commonly accomplished by purchasing an insurance policy to cover the exposure. According to a recent national study conducted by Trusted Choice®, at least 32 million households own insurance policies that are not right for them. In order to make sure your policies and risk management plan are working for you, think about the recent home or work events that have occurred over that last year or so.

Ask yourself about your home and personal property. Have you significantly remodeled your home including any structural changes such as adding a room, porch, or deck? Do you own valuable collections such as wine, fine art, jewelry, or antiques? If the answer to either of these questions is yes, have you contacted your insurance representative to increase the replacement value of your home or add the special coverage required for valuable collections? Do you operate a home-based business? Have you purchased a policy that will specifically cover this venture? Most homeowners policies provide only limited business property coverage and no liability protection.

Now think about your auto protection. Have you had any changes with the number of drivers in your household? Have you had a young driver move away from home or currently away at college? Have you or your spouse recently retired and no longer commute to work? In either case, you will most likely be entitled to a reduced auto premium. Do you carpool other children to school or other activities? If yes, have you added or increased your umbrella liability policy to protect you for this increased risk?

What about any significant life changes? Is there a new baby in your family? Have you received a promotion or increase in your salary? Have you changed jobs? If you can answer yes to any of these questions, have you updated your life insurance policies?

There may also be new and changing threats posed by external sources. Have you added identity theft coverage to your homeowners policy? Do you have earthquake coverage? A minor earthquake hit a small town in southern Illinois in January, raising questions again about the threat of a major earthquake for states sitting on or near the New Madrid fault line. Is the added cost worth the peace of mind? If you decide it is not, then you are *bearing* the risk which is another risk management technique. When you increase your deductible to save on your insurance costs, you are also bearing the additional risk of a covered loss that is under your deductible. Is your deductible still the same as it was ten years ago? Can you afford to bear more of the risk for the added savings?

Another risk management technique is *reducing or controlling* the risk. When you use this technique, you are reducing the likelihood of a loss and/or you take actions that will reduce the loss if it occurs. For example, wearing your seatbelt when riding in a car which reduces the likelihood that you will be injured in an accident (and it's the law). Installing a central station fire and burglar alarm can also reduce the likelihood and the severity of a theft or fire loss.

This is just a sampling of the types of questions and the areas you should consider when managing your personal risk. To review your insurance program and develop your own personal risk management plan, contact our Personal Insurance Division at (800) 814-2122 ext 3565 or e-mail info@gibsonins.com.