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AS A SMALL BUSINESS WE RELY ON REPUTATION TO GROW.

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Spring 2023

PROTECTION CONNECTION

Tawas Bay Insurance Agency's Newsletter



GET A LIFE ...Insurance Policy

Life insurance isn't a fun thing to think about. But if you have people who depend on you for financial support, then life insurance is really about protecting them in case something happens to you. Life insurance can be confusing, so here's a rundown of the basics.

There are two basic types of life insurance: term life insurance and permanent life insurance.

Term: Term life insurance covers you for a specific period of time which you choose. It offers a death benefit but no cash value. Term life insurance is ideal for those who have a temporary need for life insurance protection, such as the length of a mortgage, for those who need a large amount of insurance protection but have limited cash, and for those with specific business needs, such as additional coverage for a key employee.

Renewal term life insurance can be renewed at the end of the term, at the option of the policyholder and without evidence of insurability, for a limited number of successive terms. The rates generally increase along with the insured's age at each renewal.

Permanent: Permanent life insurance is any form of life insurance other than term. These policies combine term life insurance with a long-term, tax-sheltered savings plan.

Whole life is the most basic type of permanent life insurance. Coverage lasts a lifetime and also builds up a cash value that you can borrow against, withdraw or use to pay future premiums. These policies are ideal for those who have a lifetime need for insurance protection, prefer stable premiums over the life of the policy, want a policy that allows them to build tax-deferred values and value the high degree of coverage the policy affords.

While rates for a whole life insurance policy remain stable over the life of the policy, premiums are initially more costly than for term insurance.

How Much to Buy?

Many people decide how much life insurance to buy based on an income replacement calculation, between 5 and 10 times the amount of your current income. Think about your personal circumstances: Is yours the sole income in your household? Are there other expenses, such as college tuition, that may arise in the future? Don't forget to include potential medical and funeral costs. Above everything, you want to be sure your family does not get stuck with bills, debts or expenses that they cannot afford.

Why Purchase Now? The cost and availability of life insurance is based on the age and health of the insured. Starting at a lower age, and before any health issues may arise, may result in lower premiums and more options. This is a great reason to start life insurance for your kids and grandkids too; to protect their insurability.

And, unlike many other benefits, life insurance is actually more affordable right now than in the recent past.

TBIA IS GROWING!

Whitney and Kane Kelly welcomed their baby girl, Teagan, in July 2022.

Toby Suttle joined us in July 2022 as a Commercial Agent. Toby spent the last 12 years in education, most recently as TAHS principle. He lives in Alabaster Twp, with his wife, Leah, and two children, Mackenzie and Rexton.

Shannon Loeffler joined the team in August 2022 as our Receptionist and CSR. Shannon is a life-long Tawas Area resident who spent the last 30 years working as a high school secretary prior to joining TBIA. She lives in Tawas with her husband of almost 30 years, Rod, where they raised their two sons, Ryan and Brad.



How Can I Help Control My Insurance Premiums? A Guide to Insurance Scores and CLUE Reports

Insurance Score

While a number of things factor in to your insurance rate, one you may not be aware of is your insurance score. Many insurance companies use your credit score to generate a credit-based insurance score that is then used as a factor in determining your premiums. Credit-based insurance scores and your credit score are not the same thing. Insurance scores focus on only some factors of your credit history in order to gain an indication about how you manage risk. According to the Insurance Information Institute (Triple-I), a trade group that provides insurance information to consumers, studies show that how people manage their finances is a good indicator of whether they'll file an insurance claim. The more likely you are to file a claim, the bigger risk you are to the insurance company. Factors that may be used include payment history, amount of debt, length of credit history, recent applications for new credit, and the types of credit you have.

Improving Your Score

The easiest way to improve your credit-based insurance score is to increase your actual credit score. A healthier credit score can lead to lower premiums and put money back into your pockets. In addition, the higher your credit score, the better terms you will receive on loans and credit cards. As such, having a good credit score is helpful not only for the present, but also for your financial future. Some steps that you should consider taking to improve your credit score include:

- Be punctual—Paying your bills on time is a key factor in maintaining or improving your credit score.
- Pay it back—Reducing the amount of overall debt that you have is a good way of improving your score.
- Keep it open—Paying off a credit card feels great, but even if you don't owe any money, you should still keep the account open.
- Limit new debt—Keep the amount of applications you make for new credit to a minimum.
- Maintain balance—Having a wide variety of types of credit, such as a mortgage, auto loan, credit card and personal loan can contribute positively to your credit score.

Clue Report

Another factor that insurance companies use in determining your premiums is your CLUE report. Every claim you make on your auto and property insurance is recorded in this widely used insurance industry database called CLUE, short for Comprehensive Loss Underwriting Exchange. Almost all insurance companies use CLUE to check on the claims history of prospective policyholders. The CLUE insurance report also includes claims made on your home before you even bought it.

Personal home and auto insurance policies typically exclude business use. This includes use of your home or vehicle for your own profit, such as Amazon delivery, DoorDash, Uber, AirBNB or snowplowing. It is important to tell us about any business exposure you have. Together, we can ensure that you have appropriate coverage for the business you perform, and that you are not paying for coverage that will not help you when you need it.
Coverage is more affordable than you may think.

Since the database is used by most insurance companies, your claims history follows you from one insurer to another. Actual claims, as opposed to inquiries, remain in the CLUE database for seven years from the date you filed them. LexisNexis, the owner of CLUE, advises insurance carriers not to report loss information just because you called to ask a question about whether your policy will cover a particular loss. Individual insurance companies may keep a record of inquires, though.

Insurance companies rely on CLUE reports because statistics show that if you've filed a claim in the past, you're more likely to file one in the future. The amount of a claim is less important than how often you've filed. They aren't trying to make up for past losses, but to predict the risk of future claims.

Each insurance company has its own formula for calculating how much a claim will affect your premium, according to Triple-I. Suffice it to say the fewer the claims the less you'll likely be charged.

Under federal law, you get one free CLUE report a year. If you decide to check you CLUE report, it's a relatively easy process. The LexisNexis website has information on how to order the report online, by phone, or by mail.

Your CLUE report will have:

- Your name, home address, birth date, and Social Security number;
- The number assigned to the report;
- The name of your insurance company;
- The type and number of the insurance policy;
- The type of loss for each claim and the claim number;
- The date of the loss and the amount of each claim;
- The status of each claim: closed, pending, etc.



The report also tells you how to dispute any errors you find. Because risk calculations vary by insurance company, it's impossible to say exactly how a claim on your CLUE report will affect your premium. That makes it tough to decide just how much value checking your CLUE yields. Still, taking less than an hour once a year to order and review your report could pay off, especially if you find an error.

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EMILY HURRELL EARNS CISR DESIGNATION

The Certified Insurance Service Representative (CISR) designation, offered through The National Alliance for Insurance Education and Research, empowers outstanding individuals to provide exceptional account management and customer service. Earning this designation indicates Emily's comprehensive understanding of risks and exposures, as well as her commitment to ongoing education and the highest level of professional service.

