



MARCH 2024

## NEWSALERT

### Coverage Facts

# Four Life Insurance Myths Shattered

**L**IFE INSURANCE is a straightforward concept: Buy a policy and pay a relatively small premium, and the beneficiary will get a large cash benefit if the insured dies while the policy is in force.

But there are many variations on this basic theme — and just as many misconceptions about how life insurance works. Here are some of the most common myths.



**HARSH STATS:** Some 235,000 Americans died from injuries and accidents from 2016 to 2022 – 43% were age 45 or younger.

the fourth leading cause of death for Americans of all ages, according to government published data.

### LEADING CAUSES OF ACCIDENTAL DEATH\*

- Car accidents
- Drug overdoses
- Medical error
- Falls
- Drowning
- Accidental shooting
- Electric shock
- Fires
- Traumatic brain injury
- Crime

\* For people 44 and under

Source: Centers for Disease Control

### My insurance from work is plenty

Many people believe they have sufficient coverage from life insurance they receive from work. But in many cases, the amount of coverage from these policies is not enough to provide meaningful protection.

The reason: Section 7702 of the Tax Code, which governs employer-paid group life insurance benefits, only allows employers to deduct premiums for a death benefit of \$50,000 or less. That's only a fraction of the true need for most working families.

Many financial experts recommend owning between 10 and 12 times one's salary or more — especially if you are relatively young. The reason: If the unthinkable happens, the family will need that life insurance to replace many years of a breadwinner's salary.

Furthermore, if you get sick and lose your job, you may lose your life insurance just when you need it most. And you may not be able to qualify for life insurance then.

Owning your own policy ensures that you can select the amount of protection that suits your needs, and that your policy follows you even if you change jobs or leave the workforce. If you have coverage at work, you may want to explore owning additional coverage for yourself and your family.

### I'm young and healthy and don't need it

The best time to buy life insurance is when you are young and in good health. Accidents and injury, not illness, are the leading cause of death for Americans under age 44, and

### I don't qualify for life insurance

Medicine has improved a great deal in recent years — and life insurance underwriting has changed with it. You may still be able to qualify even if you have controllable diabetes, cancer (in remission, usually for five years or more), or if you smoke or are overweight, have high blood pressure or cholesterol.

See '80%' on page 2



### Oberryman Insurance Agency

2500 Hunter Place  
Suite 202  
Woodbridge, Virginia 22192

Phone: (703) 986-0468

Fax: (703) 986-0752

E-mail: [orlando@oberrymaninsurance.com](mailto:orlando@oberrymaninsurance.com)  
[www.oberrymaninsurance.com](http://www.oberrymaninsurance.com)

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# After Storms, Beware of 'Storm Chaser' Scammers

**A**FTER THEIR property suffers storm damage, homeowners need to be on the lookout for dishonest contractors and fake charities swoop in.

In a scene that's becoming increasingly common after a catastrophe, unscrupulous "storm chasers" are targeting people whose homes and premises have been damaged after a calamity, such as rainstorms, hurricanes and other events.

Unfortunately, bad actors target homeowners and small business operators when they are at their most vulnerable and you should be wary of anyone who shows up at your door or place of business immediately after a storm. If someone pitches up offering to step in and handle repairs and your insurance, you should not take them up on their offer.

After a storm, you should immediately call your insurance company to file your claim and allow them to arrange for repairs. Or if they ask you to find a contractor, you'll have to make sure to do your research and verify credentials before signing any contracts or agreeing to any services.

The worst you can do is to agree to repairs without first consulting your insurer, as these scammers will often try to get you to pay for some of the work up front and tell you they'll cover your insurance deductible. Don't believe them.

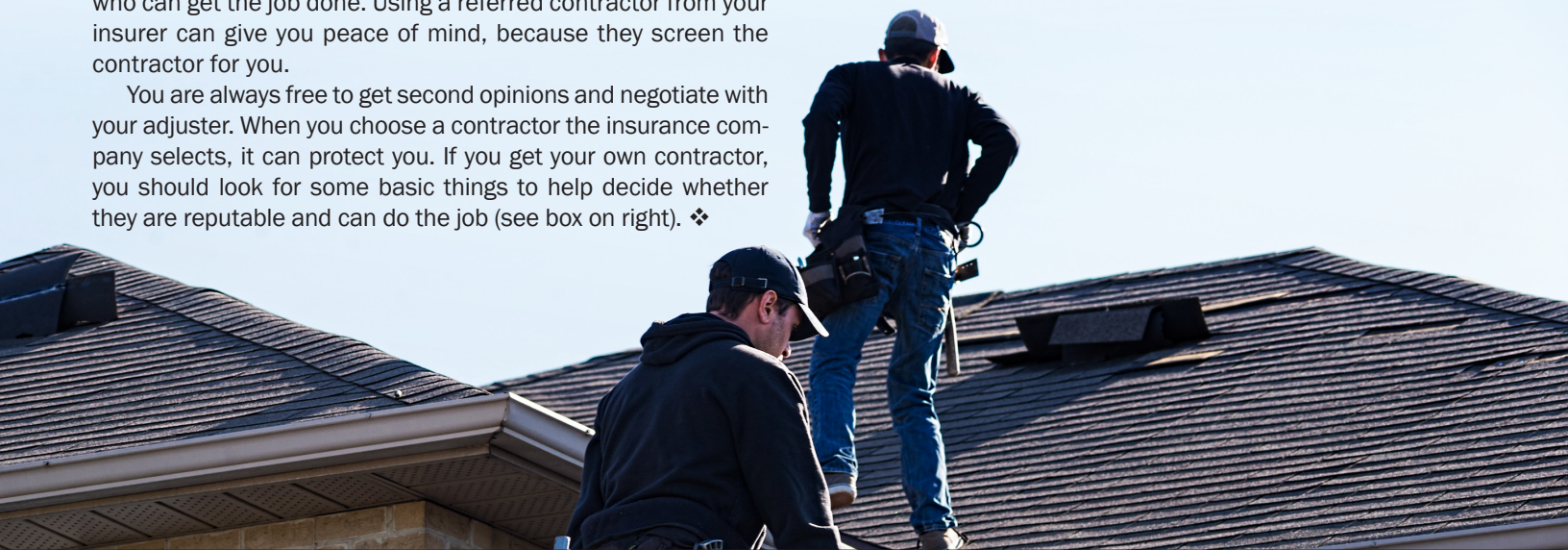
Most home insurance companies can suggest contractors who can get the job done. Using a referred contractor from your insurer can give you peace of mind, because they screen the contractor for you.

You are always free to get second opinions and negotiate with your adjuster. When you choose a contractor the insurance company selects, it can protect you. If you get your own contractor, you should look for some basic things to help decide whether they are reputable and can do the job (see box on right). ❖

## Avoiding the scam

- Steer clear of any contractor who asks for full payment upfront, only accepts payment in cash, or refuses to provide you with a written contract.
- Avoid door-to-door offers for home repair work. Instead, ask friends and neighbors for referrals.
- Be skeptical of any contractor that offers to pay your insurance deductible or offers other no-cost incentives, as these can be signs of a scam. Call your insurance company before agreeing to any storm-related repairs or inspections.
- Ask contractors for references and call each one.
- Check with the Better Business Bureau to see if there are any complaints against the contractor.
- In Virginia, contractors, electricians, plumbers and heating and air conditioning repair people must be licensed. Check their license.
- Legitimate contractors should be able to provide a business license; proof of general liability and workers' compensation insurance; written manufacturer warranties and written labor warranties.

Source: Texas Department of Insurance



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# 80% of Americans Overestimate the Cost of Life Insurance

Yes, you'll likely have to pay a higher premium, or settle for a lower amount of life insurance.

## I can't afford it

It's more affordable than you think.

Some 80% of Americans vastly overestimate the cost of life insurance, according to LIMRA. Millennials overestimate the

cost by 213%, and Gen Xers by 119%.

The fact is today's life insurance carriers are able to offer meaningful protection for just a few dollars per week — and often less than the cost of a single dinner out per month.

This is especially true if you buy it while you are still relatively young and healthy.

We can assist with any questions. ❖



Personal Safety

## Pedestrian Deaths Surge to 42-Year High

**W**E'VE TOLD you before about the increasing number of car accidents and vehicular injuries — many of them resulting in deaths — that many observers attribute to distracted driving. But what you may not know is that pedestrian fatalities are now at a 42-year high and seem to be continuing to increase unabated.

A recent report by the Governors Highway Safety Association (GHSA) found that 7,508 pedestrians were killed in traffic crashes in 2022, the highest number of pedestrian deaths since 1981.

Many large cities have seen pedestrian deaths soar. In Los Angeles, such fatalities have jumped 80% in the last three years.

The problem is largely in cities, and often the deaths occur when a driver isn't paying attention and turns right into a crosswalk as people are crossing the street.

And while you may feel that since you're not out walking much, or that the chances of being hit are small in your neighborhood, remember that everyone is a pedestrian at some point. Even if you drive a car, ride a bike or take public transit, your journey always begins and ends on foot.

Also, as we become more fitness-conscious and with the growing use of fitness trackers like FitBit, more people are walking. Many people also have opted to walk for environmental reasons.

With all this in mind, pedestrian safety needs to be a top priority for everybody.

### Shocking statistics (2022)

- Speeding was involved in 8.8% of pedestrian deaths.
- 19% of pedestrian fatalities involved a driver with a BAC of 0.08 or higher.
- 77.1% of deaths occurred after darkness.
- 1.2% of fatalities after dark occurred in conditions with artificial lighting.
- 68 % of pedestrian fatalities happened where no sidewalk was noted on the crash report.

Source: Governors Highway Safety Association

### Tips for pedestrians

- If you are out walking, don't do so while listening to music with earbuds or headphones.
- Always be aware of what the vehicles driving near you are doing.
- If there are no sidewalks, always walk against the flow of traffic on the side of the road so you can see any erratic drivers coming.
- At crosswalks, check for cars before walking.
- Look both ways when crossing the street.

### Tips for drivers

- Don't use your smartphone at all when driving (no texting, chatting or talking).
- Always be aware of the other vehicles you share the road with, as well as pedestrians.
- Be especially careful and reduce your speed when driving at dusk and at night in residential areas.
- Remember, pedestrians have the right of way. Yield for them at crosswalks and zebra crossings.

### Distractions

One rising danger is distracted driving. Deaths from distracted driving account for 10% of all fatal crashes. About 12% of people killed due to distracted driving are pedestrians.

What remains unknown is how many pedestrians who were killed in a crash involving a distracted driver may have been distracted themselves. Recent research shows that many people are also engaging in distracted walking, usually typing on their smartphones or engaging in chats while walking.

Researchers at The Ohio State University found that between 2004 and 2010 the number of pedestrians killed while using a cell phone increased from less than 1% to 3.6%.

Additionally, the GHSA report found that 30% of pedestrians who were killed by vehicles were under the influence of alcohol. ❖



# The Types of Insurance a Small Business Needs



**I**F YOU are just getting a business off the ground, have bought equipment and started hiring employees, insurance should be top of mind.

There are four types of insurance that most small businesses purchase to protect themselves, and without them one accident or oversight could leave you with liabilities you may not be able to cover. When a company is growing from a sole proprietorship to one with employees, the insurance needs grow quickly.

Here's a look at the types of insurance most small businesses carry as they start growing.

## Property insurance

This type of coverage provides compensation if business property is damaged, stolen or lost. It does not cover machinery breakdowns, however.

### What Property Insurance Covers

- Buildings and structures,
- Inventory,
- Office furnishings,
- Raw materials,
- Computers,
- Machinery and equipment, and
- Other items that are part of business operations.

Some property insurance policies provide business interruption funds when owners must take steps to get their business back on track following a covered loss and if their operations have been impaired.

A policy may also provide coverage for water damage, debris removal following a fire and several other specific items.

## Workers' compensation

Any company with at least one employee is required to purchase workers' compensation insurance in most states.

Workers' compensation pays for a portion of lost wages for workers who are injured. In addition to this, it covers the

medical care they require. Coverage is provided to employees who are injured at work regardless of who is at fault.

If a worker dies as a result of the injuries they sustain, the insurance company compensates the surviving family members of the deceased.

## Commercial auto insurance

This is only necessary if you have vehicles that you use in the course of business, or if you and/or your staff drive their own cars on company business.

Most personal vehicle insurance policies don't provide coverage if the automobile that is involved in an accident is used mostly for business purposes.

Business auto insurance policies cover vehicles that are owned and used by a business. Third parties injured by the policyholder's vehicle receive compensation for damages up to the policy limit amount.

Some policies may provide compensation for repair or replacement of vehicles that are damaged from flooding, theft, accidents and similar events.

## Liability insurance

Any business may face a lawsuit at some point during its existence. Liability insurance can cushion the blow by covering legal costs, settlements or judgments.

For example, a person may claim that a business caused them harm from a service error, defective product or negligence in providing a safe environment. Liability coverage provides compensation for damages a company is deemed liable for.

However, the coverage is only provided up to the policy's limit amounts. These policies usually also provide funds for legal defense expenses, attorneys' fees, medical bills and several other related expenses.

Umbrella policies are a second layer of coverage should you exhaust the limits of an underlying liability policy. For example if you are sued after a customer slip-and-fall accident on your premises and the cost of the claim exceeds the limits of your underlying policy, this policy would cover the excess. ❖