



VALUES FIRST PLANNING

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John

More than Money

March 2023

Spring Cleaning



Ah, spring! A time when a young man's mind turns toward insurance renewals. I'm assuming, of course, that my mid-fifties are still young...right?

The recent bout of inflation and interest rate hikes from the Federal Reserve has hit all of us. And it is starting to hit in some areas we might have not expected or not even noticed – yet. We recently received the renewal for our homeowner's policy. If you still have a mortgage, you likely don't pay much attention to the cost of homeowner's insurance since it is billed to your escrow account and we all have better things to do with our time. But since I am a financial nerd and read everything – I was shocked to see our annual rate went up over FIFTY PERCENT in one year.

You might assume our big rate increase is due to higher lumber, labor and maybe even the appreciation of our home. That likely only accounts for about ten percent. So why the big spike? Let me give you some reasons why this is happening and how we all might be thinking about this.

- ◆ Remember that insurance companies pay claims from two sources: premiums they receive from all of us and the reserves they keep invested in the markets (mostly bonds). When interest rates rise, existing bonds often fall in price. These losses in their investment portfolios

[LPL Weekly Market Commentary](#)

(Click for article)

Annual Shredding Party and LUNCH

Friday, April 21

11:30—1:00

Celebrate the end of tax season with us. Bring us your documents for shredding and stay for lunch. RSVP to (405) 348-3236

Shredding service provided by The Meadows Center for Opportunity



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Spring Cleaning

have created the need to charge higher premiums to recoup those losses in addition to the increase in building-related costs.

- ♦ Many of us grew up thinking it was good to stay with an insurer for the long haul. If you had a good relationship with them, they would be fair on the premiums and claims. We also likely remember when insurance agents went to bat for their customers. Times have changed. As your policy ages, your insurance company knows less about you and the risks they are carrying. Many companies simply assume additional risk and consistently raise your rates – new customers might even get lower rates than longstanding customers.
- ♦ Some companies that were competitive on new construction homes become very expensive as the home hits a certain age that don't meet their chosen risk parameters.
- ♦ Insurance companies will sometimes decide to reduce exposure in a certain region. The easiest way to reduce exposure is to raise rates until customers leave. Those who don't pay attention pay a lot more than their neighbors – so the company wins either way.

The same things can also happen with auto and liability insurance. The bottom line is that things are different now. You need to consider shopping for coverage every few years – or at least when you see a big uptick in premium cost. In our situation, we shopped around and ended up with comparable coverage for less than we were paying prior to the big renewal.

As prices on so many things are going up, it is in your best interest to keep a close eye on some often-ignored expenses. Most insurance renews every six months or once a year. Know when that renewal is coming and be ready to shop. It might save you a decent amount of money!

If you need a referral to a couple of sources that can shop several companies in order to see if you are paying a competitive rate – let us help.



Target Fixation

Target fixation happens when you focus on the disaster you want to avoid instead of the positive outcome you want.

Click [here](#) to listen.

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