

# Many Health and Disability Insurance Companies are Eliminating Coverage!

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## **Workers Compensation Hot Topics!**

If you have employees, whether they are full or part-time, it is required by the state of Iowa that you provide workers coverage.

Whether you have employees, or not, as a sole proprietor, corporate officer, limited liability company member or partner within a partnership, you are eligible for workers compensation coverage.

Many health and disability insurance companies are eliminating coverage if you are entitled to purchase workers compensation coverage. It is critical that you consult with your health and/or disability insurance provider before making a decision not to carry workers compensation coverage or to exclude any proprietors, officers, partners or members of your entity.

### ***Is a medical only deductible right for your company?***

Workers Compensation insurance covers the cost of medical care and rehabilitation for workers injured on the job. It also compensates them for lost wages and provides death benefits for their dependents if they are killed in work-related accidents, including terrorist attacks.

Second, check your experience modification factors (or "experience mods"). Every business that spends more than \$5,000 on workers' compensation has an experience mod. Each company starts at 1.00 and it goes up or down depending on its claim experience. The lower your claims, the lower your experience mod. Your rate is typically multiplied by your experience mod to arrive at the final rate.

For example, if your rate is \$10 and your experience mod is .8; your rate becomes \$8.

In an effort to control your workers compensation modification, many Iowa companies are implementing a deductible. In Iowa, deductibles vary from \$100 to \$2,500 per claim and are charged from the first dollar incurred. While there is no premium credit for taking a deductible, it does provide the employer the ability to reduce the dollars, which affect their experience mod rating. In many cases, paying the first dollar of a workers compensation claim, lead to large reductions in modification factors, especially to companies with frequent small dollar claims.

If you have questions regarding workers compensation coverage, please feel free to contact us.

## **Property Values – Building Costs on the Rise**

Do your building values need to be increased? The combination of rising costs of building material and labor have left many of our clients needing to reevaluate the cost they would face if they had to rebuild a commercial property. According to Marshall & Swift, a leading provider of building cost data, certain key building material costs have continued to increase at the following pace:

- ◆ Lumber-up 17.3% for the year
- ◆ Drywall-up 19.2% for the year
- ◆ Ready Mix-up 8.3% for the year
- ◆ Copper Pipe-up 23.6% for the year
- ◆ Structural Steel-increases range from 41-82%.
- ◆ PVC Pipe-up 9% for the year

In response to the rising costs of building materials, PDCM is recommending the increase of values on our client's properties. Our commitment to our clients is to ensure you are adequately protected in the event of a loss.

If you need assistance determining the replacement cost of a building, please contact your agent at 319-234-8888.

## **Spring Tips**

Spring!! Buds on the trees, tulips in bloom... and the majority of water related losses for our clients! (Sorry to be a downer, we know it has been a long winter!)

**Flood** – When your home is flooded, it can lead to significant costs if you don't have the proper insurance. As many Iowans have learned by watching the unfortunate events of *Katrina*, a basic homeowners policy or commercial property policy won't cover your flood damage! You need flood insurance – a special policy backed by the federal government and private insurance companies.

Although flood insurance is relatively inexpensive, many neglect to purchase this protection, only to be surprised and disappointed at the time of a flood. For more information on the National Flood Insurance program, please call us at PDCM: 319-234-8888

**Sewer Back Up** – Ask anyone who's experienced it. A sewer drain backing up is a very unpleasant experience. If the water is coming from seepage through the basement walls, this is commonly excluded in homeowners and commercial policies. Water damage caused by flood or water, which backs up through sewers or drains or overflow from a sump pump, are excluded. However, for an additional premium you may wish to purchase a limited amount of coverage for sewer backup or overflow of a sump pump. PDCM strongly recommends that all of our clients add this valuable coverage to their existing policy. Please contact your agent to discuss the options available to you!

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