

Why physicians should review their insurance in new year

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“Be safe.” That’s the pandemic battle cry for physicians, and everyone else—and it applies to more than the need to #MaskUp, get vaccinated and get a booster dose to help protect against COVID-19.

As the new year begins, physicians and their families should review their personal insurance to ensure that their home, car and financial assets are as secure as they can be, said Mike Hegwood, director of brokerage marketing at AMA Insurance, an AMA subsidiary committed to helping physicians protect their finances and their assets.

Insurance needs can vary by age and career stage, Hegwood said, but there are some basics that everyone should review to protect financial health, such as home and auto insurance, life insurance and disability insurance.

Home and auto insurance

Property/casualty insurance, which includes homeowners insurance and automobile insurance, is straightforward, providing protection against physical perils for the value of the physical property and cost of liability for accidents and related lawsuits. Terms can be pretty standard, Hegwood noted, but coverage amounts and costs vary. Home and auto policies can be bundled from one insurer for a discount.

“If you don’t get a new quote on a periodic basis, you could be leaving money on the table,” he said. “You can shop coverage and rates and probably save money.”

Auto and homeowners rates vary by property value, but insurers often offer age and other discounts. Policyholders should also reevaluate their coverage needs annually when they review quotes because values are changing during the pandemic, Hegwood said.

Many people are spending more time at home during the pandemic and are remodeling their homes to add space or improve comfort, for example. He advised that before you begin remodeling, you should contact your insurance agent and discuss how your plans could affect your insurance.

AMA Insurance works with Liberty Mutual to offer individual auto and home insurance for physicians. AMA members receive special group savings on auto insurance.

Disability insurance

Disability insurance is available from employers as a group benefit or can be purchased individually. It replaces a specified portion of income for a specified period and policies often have options such as specific triggers of coverage, such as waiting periods before coverage activates.

Employer-sponsored disability insurance ends when a person leaves employment, but individual disability is portable. Individual disability insurance can supplement group coverage to bring replaced income up to safe levels.

Hegwood said physicians need to consider a combination of group and individual coverage, to help maximize benefit levels for their needs. In addition, physicians should review their policy to see if there are provisions that allow them to increase their coverage at a specified time, such as when their income increases as they advance in their careers. AMA Insurance offers disability insurance benefits up to \$15,000 a month.

AMA Insurance also offers disability insurance for medical students. The medical student coverage pays \$1,000 a month for up to 12 months if a total disability from a covered illness or injury prevents policyholders from attending classes.

AMA members receive a 25% discount on the AMA-sponsored disability insurance premiums.

Life insurance

Life insurance can be very flexible to meet several financial needs and should be considered as a financial asset and part of an individual's financial portfolio, Hegwood says.

Term-life insurance pays a death benefit if you die during the term of the policy purchased and buyers should make sure to calculate their policy values based on individual and family needs. Buyers should consider what their family may need for their expenses should the primary policyholder die, what the

family may need to pay off a mortgage, or how tax-free income should be distributed after death.

Hegwood said buyers should consider whether they want just a death benefit or use life insurance to meet other strategic goals such as future care or retirement income. Whole-life insurance provides a death benefit and also allows the policyholder to accumulate a cash value over time. Some policies even allow the owner to invest a portion of their cash value in securities.

Hegwood said buyers should know that life insurance can be used for purposes beyond a death benefit. For example, some policies allow buyers to purchase a “living benefit” that can help them cover expenses associated with a terminal illness and pay for medical treatments not covered by health insurance.

Policyholders can also use some or all of the cash values to provide long-term care benefits to pay for nursing home or in-home care, or to use it as alternative source of income during retirement, he said.