

Insurance

1. Risks we face can be managed in various ways. Risk avoidance, risk retention and risk reduction are some ways of managing risks. Insurance is a method of risk management called risk transfer.
2. Types of insurance individuals generally purchase include homeowners, automobile, medical, dental, long term care, life, disability and general liability.
3. Types of insurance generally provided through one's employer generally include:
 - Medical and Dental
 - Life and Accident
 - Disability
4. Tax Provisions of Employer provided insurance:
 - A. Accident, medical and disability coverage can be provided as a tax-free benefit.
 - B. Group term life coverage up to \$ 50,000 can be provided as a tax-free benefit.
 - C. Non-group term life and coverage greater than \$ 50,000 is taxable per IRS tables.
 - D. Life coverage for dependents is taxable per IRS tables
5. GuideStone Financial Resources of the SBC makes various insurance coverages available for eligible employees of Southern Baptist churches and agencies. Some coverages are subject to approval based on an evidence of good health application. For complete detailed information on plans and rates, see current GuideStone insurance literature or view that same information on line at www.guidestone.org. Available coverages include:

Employee Term Life	Dental
Term Life for dependents	Long Term Disability
Personal Accident	Short Term Disability
Medical	Long Term Care
6. Other approaches may be used to cover medical expenses. Through a **Medical Reimbursement Plan**, the church can set aside funds to be used to cover qualified medical expenses not covered by the employee's insurance. This approach allows the church to "self-insure" some of the medical expense for employees. With a **Flexible Spending Plan (FSA)**, the employee has a specified amount of their salary set aside to be used to reimburse qualified medical expenses on a tax-free basis. Churches may also opt for a medical insurance plan that qualifies to be coordinated with a **Health Savings Plan**. Each of these plans has unique rules that must be followed. Competent assistance should be secured in setting up these plans.

7. A few things to consider when comparing insurance plans:

<u>LIFE</u>
<ul style="list-style-type: none"> • Term vs. Other Types • Post-Retirement provisions • Double coverage for death by accident included • Rates change with age • Reductions in coverage as one ages • Waiver of Premium if disabled • Living benefit options if terminally ill

<u>MEDICAL</u>
<ul style="list-style-type: none"> • Deductibles and co-insurance • Stop-loss or annual limit on co-insurance • Benefits for using preferred providers, or penalties if specified providers are not used • Life time limit of policy • Prescription drug coverage • Coverage for mental/nervous treatment • To what age are dependents covered • History of rate increase, claim payments, policy cancellations or re-underwriting • Portability of coverage

<u>DISABILITY</u>
<ul style="list-style-type: none"> • Waiting Period (period of disability before benefits begin) • Disability Definition (any occupation, own occupation or a combination) • Limits on pre-existing conditions • How long benefits will continue • Coordination with social security and/or worker's compensation • Benefits for partial disability • Rehabilitation program included