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Newsletter 2022

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Newsletter for Individuals

IN THIS ISSUE:

Builders Risk vs. Homeowners Endorsements for Luxury Home Renovation

A client is planning a $400,000 house renovation. Would a builders risk policy be the best option to cover the renovation, or are there specific ISO homeowners endorsements that can be added?

A client is remodeling their house with a planned $400,000 renovation. The remodeling will include an addition, several room remodels, and a new deck. The agent is receiving pushback from the carrier's underwriters on a $1.5 million Coverage A limit with the renovation.
Q: Would a commercial builders risk policy be the best option to cover the renovation, or are there specific ISO homeowners endorsements that can be added?

Response 1: The more important question might be: What is best for your client? There are many considerations. Here are a few:

- Is it beneficial to rely on the HO3 with an underwriter who has "pushed back" on a $400,000 renovation on a $1.5 million dwelling? The nature of the work is material to underwriting appetite and proper coverage.
- Insurers with proprietary forms often include provisions about construction that impose sublimits, higher deductibles, coverage limitations and more, and require approval of underwriters for coverage to continue. Some include a threshld. For instance, if the cost of the work is more than a certain percentage of the Coverage A limit, then underwriter permission is required to continue the homeowners coverage without the additional limitations. While the HO3 does not include such provisions, the underwriter has raised concerns and might have underwriting restrictions and

Mike's Blog

ABM
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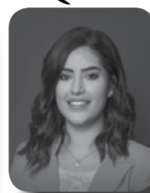
Wishing you the Merriest Christmas & All the Best in the New Year


Crystal Calaway


Karen Prado


Paul Cisneros


Michelle Vincent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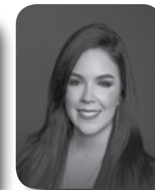
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Jona Delvo


Mike Alexander Jr.


Mike Alexander Sr.

We appreciate your relationship with our agency and wish you and your family a Safe and Merry Holiday Season - From our family to yours!

Continued from Page 1-Builders Risk vs. Homeowners Endorsements for Luxury Home

coverage limitations.

- Homeowners policies are typically intended for completed dwellings with modest renovation and maintenance projects. For instance, new floors or a new roof or new stucco are not major structural changes like a new addition would be. An often-recognized exception is work to restore the property following a covered loss.
- Is the home vacant during the construction project or is it still being used as a residence as defined in the policy? Also, is this a primary or secondary residence?
- Some insurers offer companion builders risk policies to supplement the homeowners policy during construction. Does the underwriter offer a companion builders risk policy that you have not offered to the client?
- Would a builders risk inland marine policy provide better coverage for the client?
- How would a builders risk policy sync with the homeowners coverage? Will two policies apply, one to existing structures and one to the course of construction, or will the whole property be insured under one builders risk policy? Some reduce coverage for the existing structure to actual cash value and named perils, while some offer broad perils with replacement cost coverage for existing and new course of construction.
- Will replacement cost continue to apply to the existing structures or does it change to ACV during construction?
- What is the scope and nature of the project—size, complexity and cost?
- What does the construction contract state? Does it require the owner to insure the contractors' interests in the work? Most homeowners insurers will not do so. Also, does the owner assume liability via the construction contract that is beyond the scope of homeowners contractual liability insurance and personal umbrella policy coverage?
- Does the mortgage holder, if any, require builders risk coverage during construction?
- Does the owner have workers comp exposures for uninsured contractors?
- Did the owner pull the building permits in their name or did a general contractor or multiple subcontractors pull permits?
- If the owner pulled the permits, did the owner warrant to the city that they accepted certain liability and workers comp risks? If yes, are those risks insured under the homeowners and PUP policies?

When our clients plan to construct major renovations or additions, we check with the homeowners insurer and other markets. And, of course, we review the general contractors' contract provisions that could influence decisions.

Typically, we find the homeowners insurer's coverage is deficient and the underwriting requisites are unreasonable. Often, the builders risk underwriter and specialty markets offer more robust coverage with fewer restrictions. And most of the time they are willing to cover contractors' interests in the work that might be required under the construction agreements.

Response 2: The big question is: Will the insured be residing there during the renovations? Is this a seasonal or secondary dwelling? If they are residing there during the renovations, there should not be the need to add any special endorsement.

Response 3: First, you need to confirm that the insurer is comfortable with homes in this price range. Some underwriters are unfamiliar with the issues involving higher-valued homes, and if that's the case, you would be better off switching to a carrier that knows how to handle affluent homes.

ABM Bad Joke Of The Month...

What do you call a poor Santa Clause?

Saint Nickle- Less

Continued from Page 3-Builders Risk vs. Homeowners Endorsements for Luxury Home

Second, you need to fully understand what will happen during the project. If the owner is staying in the home, that's one thing—but if they'll be moving out, there could be issues involving coverage for their furniture while it's being stored elsewhere.

Please feel free to give us call for any questions you may have at 281-448-3040.

12 Top Things to Know About Social Security

Understanding the program that helps secure your future

1. Social Security is not going bankrupt

|At the moment, you could say the opposite; the Social Security trust funds are near an all-time high. "The program really is in good shape right now," says David Certner, AARP's legislative policy director. "But we know it has a long-term financial challenge." Here's why: For decades, Social Security collected more money than it paid out in benefits. The surplus money collected from payroll taxes each year got invested in Treasury securities; today, the trust fund reserves are worth about $2.89 trillion. But as the birth rate has fallen and more boomers retire, the ratio of workers to Social Security recipients is changing. This year is a tipping point: The program will need to dip into its reserves to pay full benefits from this point forward, absent any change to the program. It's now forecast that the trust fund reserves could be exhausted in 2034. Even if that happens, Social Security won't be bankrupt. The program will continue to pay benefits, but at a rate of 79 percent of what recipients expected to receive. But if the goal is to keep benefits at their current levels, the sooner funding issues are addressed, the better. The reason is simple: The earlier you make needed adjustments, the less dramatic they need to be. "The longer we wait to fix Social Security funding, the more the cost will be paid by the younger generations, either on the tax side or the benefits side," says Kathleen Romig, a Social Security analyst at the nonpartisan Center on Budget and Policy Priorities.

2. Congress probably will not take up Social Security reform anytime soon

Several members of Congress have proposed legislation to address the program's long-term funding issues. But given the deep political divides on Capitol Hill, it's unlikely that Congress will make any effort to reform Social Security until there's the possibility of bipartisan support. "Because Social Security is so important, we need to be really thoughtful and deliberate about how to make change," Romig says. "And we want a bipartisan consensus because we want the change to last." There are concerns that the tax-cut legislation passed in late 2017 could lead some lawmakers to look for places where they might cut spending. "The stage has been set by the tax bill to take another run at Social Security, Medicare and Medicaid," says Max Richtman, CEO of the National Committee to Preserve Social Security and Medicare. Control of Congress after this year's elections will play a key role in how Social Security's funding is addressed.

Meet Our Representative

Maura Guevara-Mendez

Name: Maura Guevara-Mendez
Title: Renewal Specialist
Email: maura@getagreatquote.com
How long have you worked at ABM? 4 years as of November 1st 2022
What do you do at ABM? I handle personal lines renewals and also assist with customer service
What do you love about your job? Being able to help people and give them clarity when in doubt
Why do you think ABM is a great company? We are a FAMILY
Fun Fact about yourself: I own over a 100 pair of shoes, I have a pit-bull who I named MANGO and I am from El Salvador

Continued from Page 4-12 Top Things to Know About Social Security

3. Some ideas to reform funding are starting to take shape

One proposal is to either raise or eliminate the wage cap on how much income is subject to the Social Security payroll tax. In 2019, that cap will be $132,900, which means that any amount a worker earns beyond that is not taxed. Remove that cap, and higher-income earners would contribute far more to the system. Other options lawmakers might consider include either raising the percentage rate of the payroll tax or raising the age for full retirement benefits.

4. Lawmakers do not raid the trust fund

Another common myth about Social Security is that Congress and the president use trust fund assets to pay for other federal expenses, such as education, defense or economic programs. That's not accurate. The money remaining after the Social Security Administration (SSA) has paid benefits and other expenses is invested directly into U.S. Treasury securities. The government can use the money from those securities, but it has to pay the money back with interest. Congress does get to determine each year how much the SSA spends on administrative costs, which includes staffing at field offices and call centers. In the most recent fiscal year, the SSA got an increase of $480 million, which raised the agency's administrative budget to more than $12 billion.

5. Many believe it can be run better

As you would expect, the SSA is a big operation, with more than 60,000 employees and 1,200 field offices nationwide. With the rapid increase in the number of retirees, the agency has struggled to keep up. "There aren't enough resources to take care of all the people now, and another 10,000 people turn 65 every day," Richtman says. A recent audit showed that average wait times at field offices increased 32 percent between fiscal years 2010 and 2017, for example. During that same period, the number of visitors who had to wait over an hour to be seen at a field office nearly doubled.

6. Your Social Security benefits can be taxed

If you have other income in addition to Social Security, you might have to pay federal taxes on your benefits. Single filers whose combined annual income exceeds $34,000 might pay income tax on up to 85 percent of their Social Security benefits; couples filing jointly may pay tax on up to 85 percent if their combined income tops $44,000. And 13 states tax Social Security benefits depending upon differing variables: Colorado, Connecticut, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Rhode Island, Utah, Vermont and West Virginia.

7. Social Security is not meant to be a retiree's sole source of income

The SSA says if you have average earnings, the program's retirement benefits will replace only about 40 percent of your preretirement wages. Nevertheless, 26 percent of those 65 and over who receive a monthly Social Security benefit today live with families that depend on it for almost all of their retirement income. And 50 percent of them say their families depend on Social Security for at least half of their income.

8. The purchasing power of social security is diminishing

Every year, the SSA issues a cost-of-living adjustment (COLA), which is an annual adjustment that beneficiaries receive to help their monthly checks keep up with inflation. However, the formula used to calculate the COLA does not fully account for the medical costs of an average older American. These costs have been increasing faster than other goods and services. An average American 55 and older spends about 27 percent more annually on health care than the overall population, according to the Bureau of Labor Statistics.

9. You can work and get Social Security

But beware: The agency will withhold some of your benefit if you are younger than full retirement age and your earned wages exceed a certain limit. In 2019, the threshold on your earnings will be $17,640. Make more than that, and the government will temporarily withhold $1 from your benefit for every $2 earned over the cap. You will receive this money eventually, in the form of higher benefits once you hit your full retirement age. If you wait until full retirement age to start drawing Social Security, you can work as much as you like and your benefits won't be reduced.

Continued from Page 5-12 Top Things to Know About Social Security

10. Social Security has gone digital

The U.S. Treasury Department has moved away from sending out paper checks in favor of electronic payments. The SSA also has set up an online portal called My Social Security, where you can track your benefits. People are encouraged to go to the website (ssa.gov/myaccount) and set up an account. It will help prevent scammers from setting up an account in your name and possibly stealing your benefits.

11. Social Security is not just a retirement program

There are four main types of Social Security benefits: retirement, disability, dependent and survivor. Sometimes a person can qualify for more than one of these. However, Social Security generally will only pay one benefit at a time to a person. When filing for benefits, you should make sure to ask about your eligibility for other benefits. And if there is a change in your family status, such as the death of the family breadwinner, you should inform SSA of his or her death and ask if you or other family members are now eligible for additional survivor or dependent benefits.

12. Most people get back more than they put in

Worried that the money taken out of your check to fund Social Security will never come back to you? Over the years, studies have shown that most people receive more in benefits than they paid into the program. The Urban Institute issues reports that estimate how much people are paying into the program and what they are likely to receive in retirement benefits. (The reports can be viewed at urban.org.) As a general matter, married couples are more likely to get back more than they contributed than single people, and both low-income and high-income people may receive more dollars from the program over a lifetime than the amount of money they contributed to it.

Auto Insurance Increases. Why and What You Can Do To Help!

Americans will be paying almost $1,900 annually for car insurance in 2023, new data reveals. Based on research conducted for the Article, written by Mary Or " Revealed – how much more will Americans be paying for car insurance in 2023", in in the December 2022 Article of Insurance Business America Magazine.

Insurance Trends report for 2022, which includes insight into what is ahead for the industry in the coming year, is predicting that the average American driver will be paying 16% more for car insurance by the end of 2023 than they were at the beginning of 2022. This is a national average. Texas and Louisiana have historically, experienced higher insurance rates and residents in Texas and Louisiana can expect higher increases.

Car insurance cost the average driver $1,777 this year, representing not only a 9% increase from 2021 but a crushing 21% increase from car insurance rates in 2020.

Why? Factors that have caused insurance premiums to create the-cost hike throughout 2023 are; the rising cost of car repair and medical expenses, higher driving rates, higher accident rates, and the potential for more frequent natural disasters. Our agency has been monitoring these trends and look for unique was to combat the rising cost of insurance for our clients. As members on several insurance carrier advisory boards, we have heard the same things - RATES WILL INCREASE in 2023. While most of our markets have taken modest increases in rate to combat inflation, we have seen markets like GEICO, take on huge increases.

What Can I Do? – I can't afford huge increases in auto premiums

We understand that rate increases impact all our clients. We are here to help and will do whatever

ABM Bad Joke Of The Month...

How does a sheep say Merry Christmas?

Fleece Navidad

Continued from Page 6-Auto Insurance Increases. Why and What You Can Do To Help!

we can to assist in finding you the best value in the market for your auto insurance coverage. We are independent and work with hundreds of insurance carriers. Not all policies are the same, not all carriers are the same. We can search to find you a market that meets you and your family's specific needs. Our carriers offer unique discounts and if you do not currently have your auto insurance with us, call us to see what we can do.

Discounts include:
-Paid in Full
-Lock in with a 12 month policy
-Low Mileage
-Policy Bundling
-Telematics
-Occupational Discounts
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-Good Grades (student drivers)
-Many more – too many to list

If you do not have your auto insurance with our agency and opened your auto insurance renewal to see a 10% - 20%+ increase, call our agency at 800-362-2809. If you have your insurance with our agency, rest assured, we are shopping to make sure you continue to receive the best value in the market through our agency. You can call or visit us at https://go.getagreatquote.com/autonew

AARP & UHC Announce Partnership with ABM Insurance & Benefit Services

ABM Insurance & Benefit Services is partnered with AARP and United Healthcare to bring you the best quality Medicare supplements. When you see their logos think of us!

Give ABM Insurance & Benefit Services a call for all your Medicare needs; we can be reached at 281-448-3040 or online at getagreatquote.com

ABM
Insurance & Benefit Services, Inc.
333 N Sam Houston Pkwy #750
Houston, TX 77060
www.getagreatquote.com

I've been with ABM for at least a decade or so. They've always been prompt and courteous during my inquiries and insurance change requests. Maura Guevara is an agent I worked with this year and she helped me change insurance providers in my house, auto and umbrella. I highly recommend ABM and Maura!!

-Bruce C.

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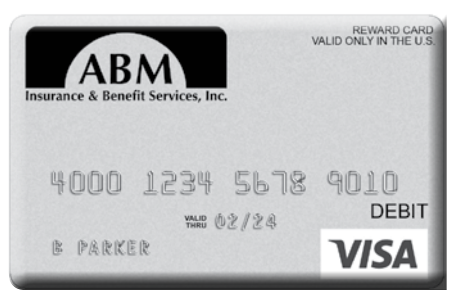

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