Horizons Insurance

Protect what you have today and plan for tomorrow

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HORIZONS
INSURANCE & FINANCIAL SERVICES

48%

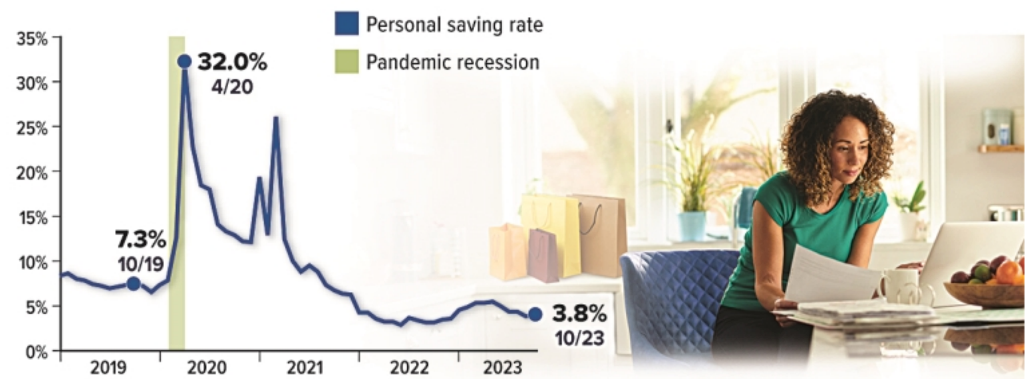
Percentage of Americans who have enough emergency savings to cover at least three months of expenses. Only 30% have enough to cover six months. Emergency savings is money that is readily available in a checking, savings, or money market account.

Source: Bankrate, June 22, 2023

Saving Less? You're Not Alone

The U.S. personal saving rate — the percentage of personal income that remains after taxes and spending — was 3.8% in October 2023. The saving rate spiked to an all-time high during the pandemic, when consumers received government stimulus money with little opportunity to spend, but fell quickly as stimulus payments ended and high inflation ate into disposable income. The current level is well below pre-pandemic saving rates.

A low personal saving rate means there is less money available on a monthly basis for saving and investment. However, many households still have pandemic-era savings, and the low rate indicates consumers are willing to spend, which is good for the economy. The question is how long this spending can be sustained.



Sources: U.S. Bureau of Economic Analysis, 2023; Bloomberg, October 10, 2023

Extreme Weather and Your Home Insurance: How to Navigate the Financial Storm

With wildfires in Maui, Hurricane Idalia in Florida, and the heat wave that blanketed the South, Midwest, and Great Plains, 2023 was a record-setting year for extreme weather in the United States. In fact, last year the U.S. saw more weather and climate-related disasters that cost over $1 billion than ever before.[1]

As a result of these extreme weather events, many insurance companies have begun to raise rates, restrict coverage, or stop selling policies in high-risk areas. This has left homeowners in a precarious situation when it comes to home insurance, as many are now faced with higher premiums, lower home values, and the possibility of the nonrenewal of their policies.

If you live in an area that is susceptible to extreme weather events, you'll want to be prepared for the possible disruption of your home insurance coverage. The key is to act quickly so that you can manage your financial risk and help make sure that your home is protected.

Handling a nonrenewal

Depending on the state you live in, if your insurer chooses not to renew your coverage, they generally have 30 to 60 days to send you a notice of nonrenewal. Your first step should be to contact your insurer and ask why your policy wasn't renewed. They may reverse their decision and renew your policy if the reason for nonrenewal can be fixed, such as by installing a fire alarm system or fortifying a roof.

If that doesn't work, you should begin shopping for new coverage as soon as possible. Start by contacting your insurance agent or broker or your state's insurance department to find out which licensed insurance companies are still selling policies in your area. You can also try using the various online comparison tools that will allow you to compare rates and coverage amongst different insurers. Finally, ask for recommendations for insurers from friends, neighbors, and coworkers who live nearby.

Consider high-risk home insurance

If your home is deemed to be at high risk due to its geographic area, you may want to look for an insurance company that specializes in high-risk home insurance.

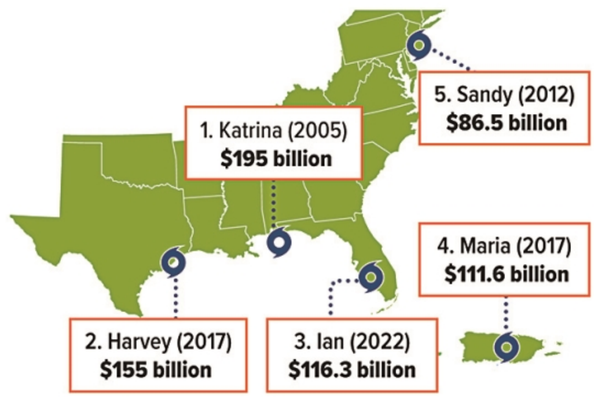
High-risk policies often have significant exclusions and policy limits and are more expensive than traditional home insurance policies. However, they can provide coverage to a home that might otherwise be uninsurable.

Use a FAIR plan as a last resort

If you have trouble obtaining standard home insurance coverage, you may be eligible to obtain coverage under your state's Fair Access to Insurance Requirements (FAIR) plan. Many states offer homeowners access to some type of FAIR plan.[2]

FAIR plans are often referred to as "last resort" plans, since homeowners who obtain insurance through a FAIR plan are usually not eligible for standard home insurance coverage due to their home being located in a high-risk area. Coverage under a FAIR plan is more expensive than standard home insurance and is fairly limited — it usually only provides basic dwelling coverage, although some states may offer other coverage options for things like personal belongings or additional structures. In addition, most states require you to show proof that you have been denied coverage before you can apply for a FAIR plan.

Five Costliest Natural Disasters in U.S. History



Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2023

Avoid expensive force-placed insurance

If you have a mortgage, your lender will require your home to be properly insured. If you lose your home insurance coverage or your coverage is deemed insufficient, your lender will purchase home insurance for you and charge you for it. These types of policies are referred to as "force-placed insurance" and are designed to protect lenders, not homeowners. They usually only provide limited coverage, such as coverage for the amount due on the loan or replacement coverage if the structure is lost.

Force-placed insurance policies are typically much more expensive than traditional home insurance, with the premiums being paid upfront by your lender and added on to your monthly mortgage payment. Your lender is required to give you notice before it charges you for force-placed insurance. In addition, you have the right to have the force-placed insurance removed once you obtain proper home insurance coverage on your own.

1) NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2023

2) National Association of Insurance Commissioners, 2023

Do You Have These Key Estate Planning Documents?

Estate planning is the process of managing and preserving your assets while you are alive, and conserving and controlling their distribution after your death. There are four key estate planning documents almost everyone should have regardless of age, health, or wealth. They are: a durable power of attorney, advance medical directive(s), a will, and a letter of instruction.

Durable power of attorney

Incapacity can happen to anyone at any time, but your risk generally increases as you grow older. Consider what would happen if, for example, you were unable to make decisions or conduct your own affairs. Failing to plan may mean a court would have to appoint a guardian, and the guardian might make decisions that would be different from what you would have wanted.

A durable power of attorney (DPOA) enables you to authorize a family member or other trusted individual to make financial decisions or transact business on your behalf, even if you become incapacitated. The designated individual can do things like pay everyday expenses, collect benefits, watch over your investments, and file taxes.

There are two types of DPOAs: (1) an *immediate* DPOA, which is effective at once (this may be appropriate, for example, if you face a serious operation or illness), and (2) a *springing* DPOA, which is not effective unless you become incapacitated.

Advance medical directive(s)

An advance medical directive lets others know what forms of medical treatment you prefer and enables you to designate someone to make medical decisions for you in the event you can't express your own wishes. If you don't have an advance medical directive, health-care providers could use unwanted treatments and procedures to prolong your life at any cost.

There are three types of advance medical directives. Each state allows only a certain type (or types). You may find that one, two, or all three types are necessary to carry out all of your wishes for medical treatment.

- A living will is a document that specifies the types of medical treatment you would want, or not want, in a particular situation. In most states, a living will takes effect only under certain circumstances, such as a terminal illness or injury. Generally, one can be used solely to decline medical treatment that "serves only to postpone the moment of death."
- A health-care proxy lets one or more family members or other trusted individuals make medical decisions for you. You decide how much power your representative will or won't have.
- A do-not-resuscitate (DNR) order is a legal form, signed by both you and your doctor, that gives health-care professionals permission to carry out your wishes.

Will

A will is quite often the cornerstone of an estate plan. It is a formal, legal document that directs how your property is to be distributed when you die. Your will should generally be written, signed by you, and witnessed. If you don't leave a will, disbursements will be made according to state law, which might not be what you would want.

There are a couple of other important purposes for a will. It allows you to name an executor to carry out your wishes, as specified in the will, and a guardian for your minor children.

Most wills have to be filed with the probate court. The executor collects assets, pays debts and taxes owed, and distributes any remaining property to the rightful heirs. The rules vary from state to state, but in some states smaller estates are exempt from probate or qualify for an expedited process.

Letter of instruction

A letter of instruction is an informal, nonlegal document that generally accompanies a will and is used to express your personal thoughts and directions regarding what is in the will (or about other things, such as your burial wishes or where to locate other documents). This can be the most helpful document you leave for your family members and your executor.

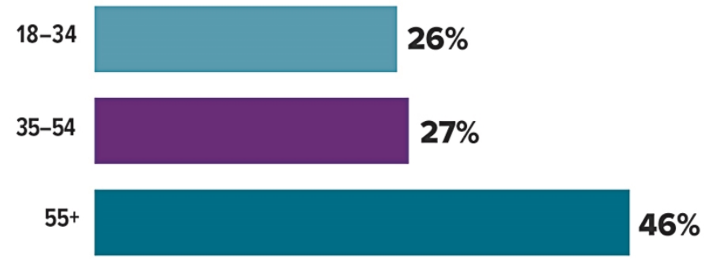
Unlike your will, a letter of instruction remains private. Therefore, it is an opportunity to say the things you would rather not make public.

A letter of instruction is not a substitute for a will. Any directions you include in the letter are only suggestions and are not binding. The people to whom you address the letter may follow or disregard any instructions.

Take steps now

Life is unpredictable. So take steps now, while you can, to have the proper documents in place to ensure that your wishes are carried out.

Percentage of Americans with a will, by age group



Source: Caring.com, 2023

The Federal Reserve's Key Meeting Dates in 2024

The Federal Reserve's rapid series of interest rate hikes throughout 2022 and 2023 — initiated in an effort to bring down red-hot inflation — rippled throughout financial markets and the broader economy.

People pay attention to the "Fed" to see where interest rates are headed, but also for its economic analysis and forecasting. Members of the Federal Reserve regularly conduct economic research, give speeches, and testify about inflation and unemployment, which can provide clues about where the economy is going. This information can be useful for consumers when making borrowing and investing decisions.

Eight meeting dates in 2024

The Federal Open Market Committee, or FOMC, is the arm of the Federal Reserve responsible for setting monetary policy. It typically meets eight times per year.

Month	Dates	Month	Dates
January	30–31	July	30–31
March	19–20*	September	17–18*
April/May	30–1	November	6–7
June	11–12*	December	17–18*

*Meeting includes a Summary of Economic Projections

Because financial markets often react to FOMC meeting decisions, knowing the scheduled meeting dates ahead of time might be helpful when digesting economic news. The minutes of regularly scheduled FOMC meetings are released three weeks after the meeting date on [federalreserve.gov.](federalreserve.gov)

The Fed's key objectives

The Federal Reserve System was created by the Federal Reserve Act of 1913. The Fed is charged with three main objectives: maximum employment, stable prices, and moderate long-term interest rates. The first two objectives are often referred to as the Fed's "dual mandate." Over the years, the Federal Reserve's duties have expanded and evolved to include maintaining stability of the entire U.S. financial system.

After its brisk series of rate increases in 2022 and 2023, the Fed has held the federal funds rate mostly steady. Going forward, it will continue to monitor economic data — including inflation, employment growth, bank sector stress, and credit conditions — as it determines future moves.

The federal funds rate is a benchmark rate that influences other interest rates throughout the economy, such as for mortgages, credit cards, and business loans. A higher federal funds rate typically drives up the cost of borrowing.

Source: Federal Reserve, 2023