



CARRUTH
INSURANCE

Managing Your Personal Risk

with the help of an independent insurance broker

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Who is Carruth Insurance

- Founded in 2019 as an encore career and a challenge to influence the insurance industry for the better
- Independent insurance brokerage
- Principally partner with Fee-Only Financial Advisors offering insurance products and services as part of their extended team of trusted experts
- Personal - Auto, Home, Umbrella, and Life & Health
- Commercial - General Liability, Professional Liability, BOP, Auto, Workers Comp



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Who am I

- Retired from ExxonMobil Mfg Advisor for global software applications
- Live in The Woodlands / Conroe with my wife of 29 years. I have 4 children and 4 grandchildren
- I assume the fiduciary responsibility to always do what is best for our clients without regard for our profit
- Goal: be the insurance advisor that I've always needed



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Typical industry approach to Risk Management

- Create a list of equipment
 - Assign a criticality to each piece of equipment
- Develop Equipment Strategies for the most critical
 - List associated risks
 - Evaluate probability and consequence of each risk
 - Prescribe actions to eliminate or reduce risk to an acceptable level
- Re-assess strategy
 - Evaluate cost effectiveness of mitigating actions
 - Revise strategy to address new risks



Carruth Insurance approach to Personal Risk Management

- Get to know you and your values
- Create a list of your assets, needs and goals
 - Understand your order of importance for each
- Create a strategy for each
 - Identify the associated risks
 - Evaluate probability and consequence
 - Recommend cost effective measures that manage the risks to an acceptable level
- Periodically re-assess strategy



Step 1: List your assets, needs and goals

- Assets
 - Home, Autos, Boats, RV
 - Business
 - Savings and Investments
- Needs
 - Replacement income (death of spouse, early retirement, etc.)
 - Burial expenses
- Goals
 - College tuition for children/grand children
 - Funding charities or endowments



Step 2: Assign a criticality

What's the most important to you?

What do you want to protect?

1. Home
2. Savings and Investments
3. College tuition
4. Business
5. Replacement income
6. Autos, Boats, RV
7. Travel
8. Burial expenses



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Step 3: Identify the risks to each

1. Home

1. Fire, Lightning
2. Wind
3. Flood

2. Savings and Investments

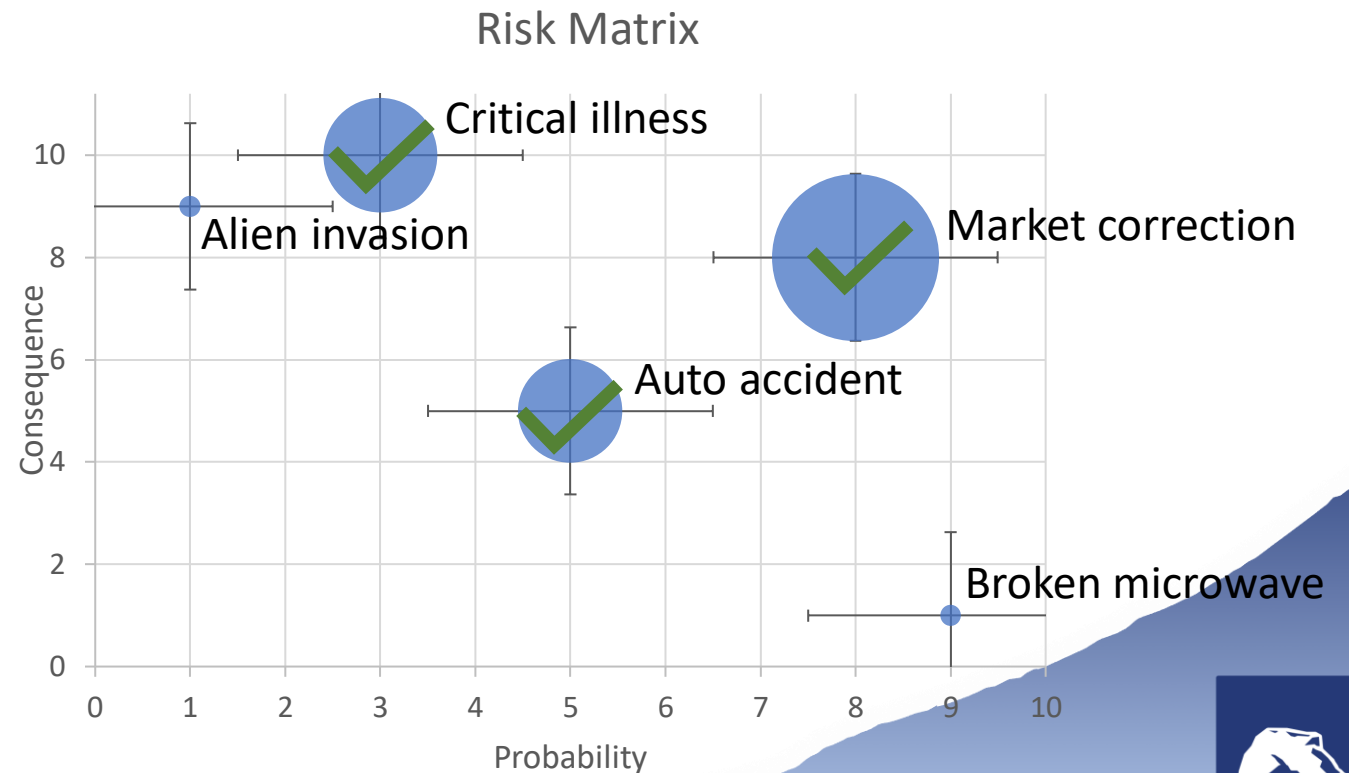
1. Market corrections
2. Liability lawsuit
3. Critical illness
4. Criminal charges



Step 4: Evaluate Probability and Consequence of each risk

“Risk is the product of the consequence and the probability of occurrence...”

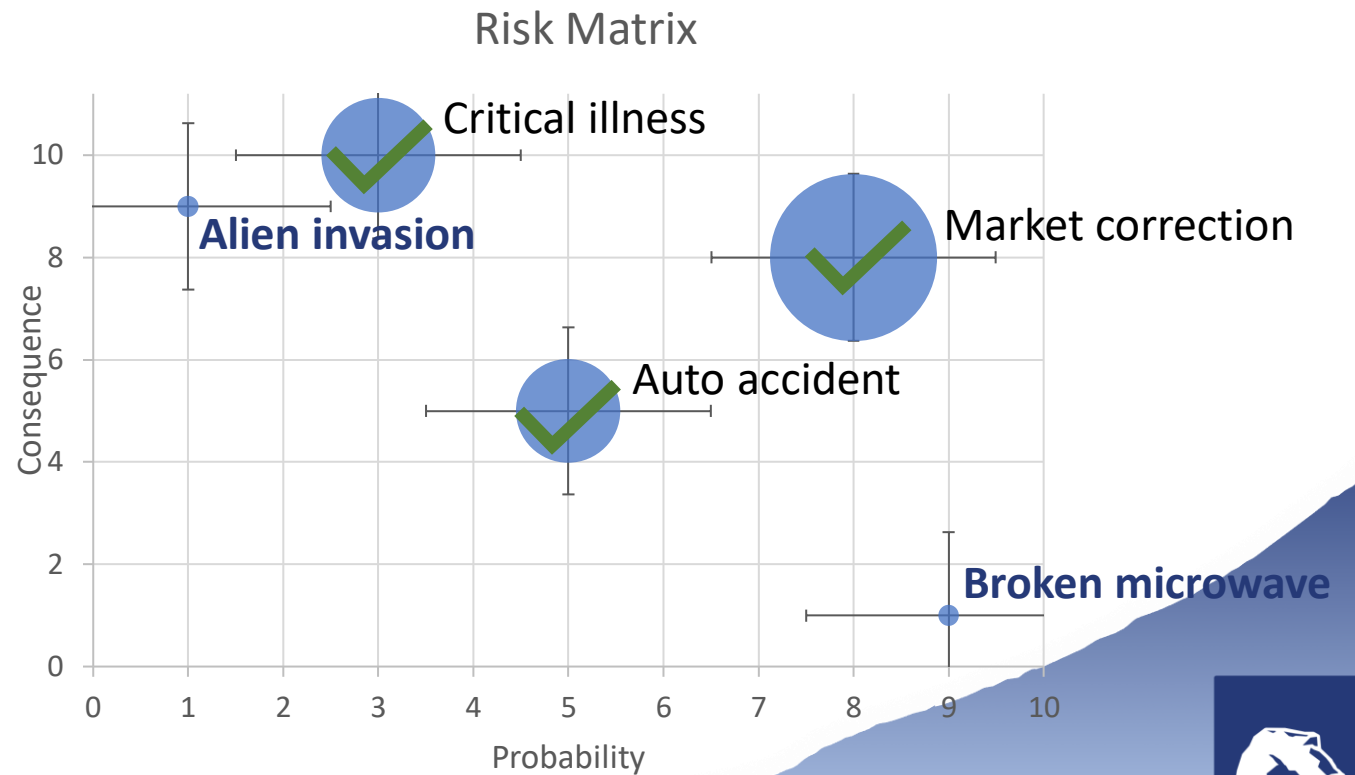
- **Probability** – ‘likelihood of occurrence’
- **Consequence** – ‘impact of the event measured in the cost to restore prior value’



Probability never changes

“Past results are no indication of future performance.”

- Just because aliens have never landed, doesn't mean they never will.
- Just because I my old microwave broke yesterday doesn't mean the new one will break tomorrow.



Consequences are directly proportional to your Net Worth



The greater the value to protect, the higher the coverage limits are required to restore it!

Your Net Worth	Umbrella Liability Coverage	Appropriate?
\$1M	\$1M	✓
\$2M	\$1M	✗



Step 5: Manage risks using the 4 methods of Risk Management

1. Avoidance
2. Reduction
3. Retention
4. Transfer



4 methods of risk management

Examples of Avoidance –

- Stop smoking
- Don't drive and take an uber
- Bury your money in jars in the back yard



4 methods of risk management

Examples of Reduction -

- Only drink beer on weekends
- Don't drive on the freeway on Memorial Day
- Only bury half your money in jars



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4 methods of risk management

Examples of Retention -

- Deposit \$40k with the Texas Department of Insurance and self insure
- Pay your doctors in cash
- Don't buy a warranty and pay for repairs yourself



4 methods of risk management

Examples of transferring risk to insurance carriers -

- **Auto policy** with Liability, Collision and Comprehensive coverage
- **Umbrella policy** in case you're sued for more than the liability limits on your other policies
- **Term Life Policy** to replace your income in the event of your death or fund a charity/endowment
- **Deferred Annuity** contract to provide future income as a hedge against market corrections
- **Critical Illness** policy that pays a fixed settlement to offset medical bills
- **Final Expense** policy to pay for burial expenses
- **Deferred Annuity with a Long-Term Care rider** for Assisted Living expenses
- **Universal Life Policy** to provide after-tax income before SS eligibility



Step 6: Identify a cost-effective solution

- Utilize an independent broker that is not obligated to a single company and can shop multiple carriers to find you the appropriate coverage at the best rate.
- As a last resort, if the cost to transfer the risk is not affordable or cost-effective you might resort to one of the other risk management methods:
 1. Avoidance – sell the asset or change your habits
 2. Reduction – purchase reduced coverage or limit use
 3. Retention – choose to accept the entire risk



Step 7: Regularly review your coverage

- Meet with your Financial Advisor annually or as your circumstances, needs and goals change.
 - Re-assess your Net Worth, Needs and Goals, then...
- Make an appointment with your Independent Insurance Advisor to review your policies for appropriate coverage and shop for better rates.





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Thank you!

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