



# Rise 'N Shine Review

## Burd & Rise Insurance Agency, Inc.

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### BURD & RISE INSURANCE AGENCY CHOSEN BUSINESS OF THE YEAR FOR 2008

On March 6, at the kickoff meeting for the Halstad 125<sup>th</sup> Celebration, Burd & Rise Insurance Agency was chosen as the business of the year. Harlan, Liz, Lori, Emily, Cheryl, and Clayton would like to thank Halstad and surrounding communities for their years of loyalty. We have always appreciated working and serving our insureds in this area where people treat one another with honesty and integrity. We look forward to providing you with "quality service at a competitive price" for many years to come.

#### FLOOD INSURANCE MYTHS AND THE REAL TRUTH

**Myth #1** – *Homeowners policies cover flood insurance.*

**Truth** – No standard homeowners policies will cover flood losses.

**Myth #2** – *I don't live in a flood hazard area so I don't have to worry about flooding.*

**Truth** – You can live miles away from water and still be a victim of flooding. Over the life of a 30-year mortgage, you have a 26% chance of having your home damaged by a flood. Nearly 1 in 4 flood insurance claims are paid on policies in low to moderate risk areas.



**Myth #3** – *I can wait and see how the spring break-up goes, and buy flood insurance at that time.*

**Truth** – Don't wait until it is too late. There is a 30-day waiting period from the time of application until a flood policy goes into effect.

**Myth #4** – *Flood insurance is too expensive to buy.*

**Truth** – If you live in a low or moderate flood area, a policy can cost as little as \$150 - \$200 depending on your coverage amount. Even if your home is in a special flood hazard area, the cost for an average policy is around \$500 a year. If you have a mortgage on your home in a special flood hazard area, flood insurance will be required by your lender.

**Myth #5** – *I will not buy flood insurance, because federal disaster assistance*

#### MINNESOTA WORKERS COMPENSATION IT'S THE LAW

Minnesota law requires employers to provide workers' compensation insurance for their employees. Every employer is liable to pay compensation in every case of personal injury or death of an employee arising out of and in the course of employment. An employer is generally defined as those who hire others to perform services. There are very few exceptions to this rule. Some exceptions are:

- Sole Proprietorships – individually or family run, non-incorporated businesses owned by one person, where any employees are a spouse, parent, or child.
- Partnerships – Partners in business or farms where every employee is a partner or spouse, parent or child of a partner.
- Closely Held Corporations – Executive officers owning 25% or more of a closely held corporation or a spouse, parent, or child of an

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*.....MINNESOTA WORKERS COMPENSATION—IT'S THE LAW continued*

executive officer. These corps must have 10 or fewer shareholders and less than 22,880 hours of payroll in the preceding calendar year.

**Special Rules for Family Farms** – If the farm pays wages over the average annual wage in the preceding calendar year, which was \$41,996 in 2007, a workers compensation policy is required. If the farmer pays between \$8,000 and \$41,996 in the preceding calendar year to employees, no workers compensation policy is required, but \$300,000 farm liability and \$5,000 of medical payments for farm employees is required. The farmer-employer's spouse, parents, and children are exempt.

**Special Rules for Household Workers** – A household worker includes a domestic employee such as a housekeeper, a gardener, or maintenance worker at a private home. If these employees in total earn more than \$1,000 in any quarter of a previous calendar year, workers compensation is required.

**An Employee or a Contractor?** – When a question arises as to whether a particular person is an employee or an independent contractor, a five-factor test has developed through case law that generally allows an employer to make judgments about purchasing workers compensation insurance. This test involves the following five factors:

- The right to control the means and manner of performance
- The mode of payment
- The furnishing of tools and materials
- The control over the premises where the work was done
- The right of discharge.

If an employee is injured at work and the court determines the person is an employee and not an independent contractor, the employer would be responsible for all the workers compensation benefits out of his own pocket, if workers compensation is not purchased. This could be a very serious situation!

**Workers Compensation is Always a Good Idea** – Even if workers compensation is not required, employees such as sole proprietors, executive officers of closely held corporations, spouses, and children can elect coverage. The coverage for these employees is quite broad, and negligence does not have to be proven, as in dealing with liability insurance.

Please see us at Burd & Rise Insurance for questions or to purchase workers compensation insurance. The above information is a general outline, subject to statutory change and is not intended to serve as a substitute for the advice of a private attorney. For further information, also see the website: [www.doli.state.mn.us](http://www.doli.state.mn.us).

*...FLOOD INSURANCE continued*

*will bail me out.*

**Truth** – Most forms of federal disaster assistance require a Presidential declaration and these are awarded in less than 50% of floods. With flood insurance, your claim is paid with no declaration. Most forms of disaster assistance are loans that must be repaid with interest; with flood insurance there is no payback required. Repayment on a \$50,000 SBA disaster home loan is \$240 a month or \$2,880 annually at 4% interest. The average cost of a \$100,000 flood policy is a little more than \$400 annually.



*Think Spring!!!*