

## AMAZING STOCK MARKET VOLATILITY...WHAT CAN YOU DO?

If you want to understand how volatile the U.S. stock markets have been as of late 2008, consider this: in the 100 days spanning between 9/6/08 - 12/15/08, the S&P 500 Stock Index had 26 days that had a gain or loss of at least 4%. Prior to 9/6/08, there were a total of 26 days of fluctuation over a span of 7,626 days—almost 21 years.<sup>1</sup>

If we define a gain or loss of 4% or more as “extreme volatility” you could say there was as much “extreme volatility” in the last quarter of 2008 as there was in the previous 20 plus years. In addition, international stock markets in most cases have suffered as much, if not more, than the U.S. and what we thought to be lower risk corporate bonds have been nearly as volatile as stocks in many cases.

Is the worst behind us? We all hope so, but now it is certainly more important than ever to pay attention to some basic investment fundamentals.

### Review your investment portfolio and answer the following questions:

- 1) Are you investing with a purpose?
- 2) Is your investment strategy appropriate relative to your objectives and time horizon?
- 3) Do you understand the risk reward characteristics of your investments?
- 4) Are your investments properly allocated and well diversified?
- 5) Do you have a variety of different types of investments that are relative to your goals and risk tolerance?
- 6) When was the last time your investments were rebalanced?
- 7) Have you let market performance, or lack there of, take you off course?
- 8) Are you investing in the most tax efficient way?
- 9) Are you losing more money in your investments because of poor security selection or sub-par mutual fund management?



Investing can be much less stressful with clear goals and a sound, well diversified, risk appropriate investment strategy (a strategy which utilizes appropriate well selected investments). It is easy to ignore the basics when you are making money and it is easy to panic when you are not. A regular unbiased review of your portfolio, regardless of its short term performance, is critical to long term investment success.

If you would like a free review of your current investments call Sylvia Financial at (508) 995-4080.

*Resources: 1.) 2008 BTN Research*

## CONCERNED ABOUT MELTING SNOW AND FLOODING?

Winter 2008-2009 has brought us many inches of snow and with spring right around the corner, it will soon melt away.

A rapid snow melt, or rain on top of snow, can produce flooding in your home or business that may not be insured through your

homeowners or business owner's policy.

For answers on how to protect yourself from flood damage with Flood Insurance, call the Sylvia Group at (508) 995-4553.



## R.M.V. WILL NO LONGER REMIND YOU TO RENEW YOUR LICENSE

In a measure to cut costs, the Massachusetts Registry of Motor Vehicles has stopped sending out notifications in the mail about impending license expirations.

The RMV will also eliminate courtesy notices that are sent to customers for the following services: Massachusetts I.D. renewals, license reinstatement notices, vehicle re-inspection notices, school bus renewals, inspector license renewals, 7D license renewals, driver's education certificates, junior operator notification to parents and change of address labels.

Please be sure to check your driver's license to see what year it expires. To be safe, it is recommended to renew at least seven

days before your birthday to ensure that you receive your new license before your old license expires. You can now renew online instead of in line at the registry, making your life a little easier. Visit [www.mass.gov/rmv](http://www.mass.gov/rmv) for more information.



## Saving Money on Your Insurance

As we all look for ways to cut costs during this economy, insurance may be an expense you are looking at for savings. There are ways to save on insurance without cutting coverage. Let Sylvia Insurance take a look at your entire insurance program to make sure you are receiving the appropriate coverage for the best rate.

We have many insurance companies to choose from for Commercial Lines and Personal Lines, allowing us to do the shopping for you.

Give us a call at (508) 995-4553 to speak with one of our Account Managers. We are more than happy to help with any of your insurance questions and concerns.

## THE PREMIUM AUDIT PROCESS ~ WHAT TO EXPECT

### Records Checklist

- Payroll journals/registers
- Employer's Quarterly Federal Tax Return Form 941 or 943 reports
- State Employer's Quarterly Unemployment Insurance Tax Reports
- Federal 1099, W2, & W3 transmittals
- General ledger/trial balance
- Financial statements
- Check register/canceled checks/bank statements
- Contractors/subcontractors records
- Job cost records/contracts/work invoices showing type of work
- Certificate of WC and/or General Liability Insurance for all subcontractors
- Benefit Plan information such as cafeteria or 401(k) plan wages
- Overtime wages summarized by classification
- List of clerical employees and duties
- Other miscellaneous business records

### What is an insurance premium audit?

- An insurance premium audit is a provision of your policy contract.
- The purpose of the audit is to determine actual exposures that are properly classified in accordance with manual rules and regulations.

### When is a premium audit performed?

- Usually shortly after policy expiration, but can also occur early in the policy period to verify accuracy.
- It is also performed after policy cancellation, to determine your final earned premium for the shortened policy period.

### How will my premium audit be conducted?

The most typical methods are:

- A physical visit to your business premises to review actual records and operations.
- A telephone audit, after receiving certain information requested from you in advance of the audit.

- A voluntary report in a specified format that you will complete.

### How do I prepare for my audit?

The objective is to make the premium audit process a positive experience. Having the appropriate records available for the audit will allow the auditor to complete the process smoothly. For physical audits, make sure you have all requested records available to be reviewed. The records checklist to the left indicates the most typically requested records for an audit.

Other tips on preparing yourself are to:

- Organize your payroll records
- Request certificates of insurance from your subcontractors
- Have your gross payroll available to be viewed
- Be available for questions

*Source: Overland Solutions, Inc., "The Premium Audit Process, What to Expect and How to Prepare"*

## SAVING MONEY ON YOUR PRESCRIPTION MEDICATIONS

According to the Centers for Disease Control (CDC), 44% of Americans take at least one prescription medication and 16% take three or more prescription drugs. Given the high price of prescriptions and increasing copays on drugs under our health plans, is there a way to manage your costs more effectively? Here are a few ideas:

- 1) Understand your illness and how to control its symptoms.** In addition to taking medication, some illnesses respond to alternative treatment (such as acupuncture for migraines) and over the counter remedies including dietary supplements. Note: Make sure to consult your physician before making any changes in your medication.
- 2) Talk with your health care provider.** Tell him/her if you cannot afford a medication or if you are not taking your medications as prescribed. You could be headed for more serious and more costly conditions if you are not working with your doctor to control your illness and/or its symptoms. Also, contact the pharmaceutical company if you cannot afford your medication. They may have special programs to help you obtain the drug at a lower or no cost. It's worth investigating. The Partnership for Prescription Assistance ([www.pparx.org](http://www.pparx.org)) may also be able to help you if you are struggling to pay for medications.
- 3) If your illness is related to lifestyle, try making a change in your life!** Get the support of your physician, family and friends. Statistics show that losing just 10 pounds can improve conditions such as high blood pressure, cholesterol and diabetes.
- 4) Understand your health plan.** You may be able to save money by using a 90 day mail order program instead of 30 day retail drugs. However, do not use mail order if you are not sure if will be taking a certain medication indefinitely. It doesn't make sense to purchase 3 months of medication only to throw it out after 3 weeks.
- 5) Research your medication and any lower cost alternatives that may exist.** You can do this online through many sources including your health plan web site, or you can discuss this with your pharmacist or physician. Then, shop for the best place to purchase your prescriptions – you may find that mail order is appropriate for one drug but your local pharmacy is better for another.
- 6) While you are shopping, don't forget to consider the retailer programs where you can pay \$1, \$4 or \$5 a week for generic medications.** Remember that your out-of-pocket expenses for both prescription and over-the-counter medications are eligible for payment with pretax dollars if you have an FSA (flexible spending account) plan, another way to stretch your dollars.

Some of the pharmacies that have generic drug programs are: Walmart ([www.walmart.com/pharmacy](http://www.walmart.com/pharmacy)), Target ([www.target.com](http://www.target.com)), and Walgreens ([www.walgreens.com](http://www.walgreens.com)).

## UNDERSTANDING COINSURANCE

Taking the time to understand your insurance policies is well worth the effort. An insurance policy is a complex contract that often contains provisions that assign certain responsibilities to the policyholder, such as a coinsurance clause. Often misunderstood, a review of the basics of coinsurance may help to eliminate any potential confusion.

### Calculating Coinsurance

In the simplest terms, the coinsurance provision in a property policy requires the policyholder to carry a limit of insurance equal to a specified percentage of the value of the property to receive full payment at the time of a loss.

For example, a building with a value of \$1,000,000 and a policy with an 80 percent coinsurance clause must be insured for at least \$800,000 to avoid a coinsurance penalty at time of loss.

Here's where it gets a bit more complicated: If there is a claim, the formula to determine the recovery is based on the property's replacement value at the time of loss. If the insured replacement amount is less than what the coinsurance percentage requires, a penalty is applied, reducing the claim payment. The coinsurance clause applies to buildings and contents.

### Example

Take a building that has a value of \$1,000,000 and has a coinsurance clause of 80%. The building should be insured for at least \$800,000. However, an insured decides to insure the building for only \$600,000. A fire then breaks out and causes \$200,000 worth of damages. Here is how to calculate how much the insured will actually get reimbursed for since they did not carry the full 80% of coinsurance:

$$\frac{\$600,000}{\$800,000} = 75\%$$

(reimbursement %)

$$\$200,000 \times 75\% = \$150,000$$

(reimbursement for claim, less any deductibles)

Therefore, the insured will actually only receive \$150,000, less their deductible, for this claim.

## IMPORTANT INFORMATION ABOUT LICENSE PLATES

Recently, there has been a tremendous amount of inaccurate information regarding the replacement of license plates. As you may know, a vehicle displaying a worn or faded number plate(s) results in a safety inspection failure. The RMV will replace illegible red/white or green/white passenger plates for free under certain conditions:

- 1) If any green/white plate (regardless of its condition) is submitted for replacement: Two new red/white plates will be issued at no cost to the motorist.
- 2) If one red/white plate is illegible (worn numbers or worn reflective background): A replacement plate will be ordered at no cost to the motorist. The "Number Plate Permit", is provided to motorists who order a new plate.

If a red/white plate is missing or damaged, the customer must pay \$10 for the replacement plate.

Among several false claims, a green flyer was recently distributed in the area with the heading !!Attention!!. It stated that the RMV was phasing out Green Plates and that the current policy of allowing customers to trade in one green plate for two new red plates at no cost will end on 12/31/08. It also stated that starting 1/1/09, if you still have a Green Plate, it will result in a safety rejection when you have your vehicle inspected. None of these statements are true.

For more information go to <http://www.mass.gov/rmv/alerts/illegibleplates.htm>.

## SEMINAR ON EMPLOYEE CLASSIFICATION

Understanding Employee Classification issues is important in any business. Legally, employers are required to determine which employees are Exempt and Non-Exempt. This process of Employee Classification is complicated and often confusing. Understanding the issues is not only required but also helpful for a few reasons listed below:

- 1) To eliminate confusion among employees in regards to compensation.
- 2) To make sure a company's employees and independent contractors are kept separate for tax purposes.

3) To clearly define the salary classification for different employee levels in the company.

Attorney Michael Murray of Partridge, Snow, and Hahn along with Sylvia Insurance will be putting on a seminar to help employers understand the complicated issues of Employee Classification.

To reserve your spot, please contact Kristine Arsenault by Friday, March 6, 2009. She can be contacted at (508) 742-9247.

**Seminar Date:**  
**Thursday, March 12<sup>th</sup>**  
**8:00am - 10:00am**

**Seminar Location:**  
**Sylvia Insurance**  
**500 Faunce Corner Road**  
**Building 100, Suite 120**  
**Dartmouth, MA 02747**



**Sylvia & Company Insurance Agency, Inc.**

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