The S3 Insurability Filter

What Fits, What Falls Through & Why It Matters

Created by SafeSimpleSound Financial Planning

Financial Excellence • Educational Generosity

Your S3 Insurability Reference Guide

> *Safe • Simple • Sound > Foundation-First Financial Wisdom*

What You'll Discover:
- Safe Foundation: Why "Total Coverage" is a myth that creates danger.
- Simple Clarity: The 4 specific rules that determine if a risk is insurable.
- Sound Wisdom: How the "Law of Large Numbers" protects your premiums.
- Constitutional Advantage: Stop viewing denials as random—see the math behind the machine.

The 4 Requisites of Insurability

Use this filter to understand why some risks are covered and others are rejected.

1. Large Number of Homogeneous Units

The Principle: Insurance is a "pooling" game. To predict the future, insurers need thousands of similar situations (like houses or cars) to average out the risk.
* Insurable: 100,000 suburban homes (Predictable average loss).

* Uninsurable: A one-of-a-kind prototype satellite (No data to predict loss).
* S3 Insight: This is why "standard" risks are cheaper to insure than "unique" ones.

2. Loss Must Be Accidental (Fortuitous)

The Principle: Insurance covers fate, not choice. Losses must be unforeseen and unexpected by the insured.
* Insurable: A tree falling on your roof during a storm.
* Uninsurable: Burning down your own house (Arson) or standard wear-and-tear.
* S3 Insight: If you can control the outcome or it's inevitable (like a tire wearing out), it's a budget item, not an insurance claim.

3. Loss Must Be Measurable & Determinable

The Principle: To pay a claim, we must know When, Where, and How Much.
* Insurable: A fire at 123 Main St. on Tuesday causing $50k damage.
* Uninsurable: "I feel like I lost potential sales because I was sad."
* S3 Insight: Ambiguity is the enemy of claims. Documented value creates safety.

4. Loss Must Not Be Catastrophic to the Insurer

The Principle: If everyone claims at once, the system breaks. Risks must be independent.
* Insurable: Car accidents (randomly distributed).
* Uninsurable: Nuclear war (affects everyone simultaneously).
* S3 Insight: This is why "War Exclusions" exist—not to be mean, but to keep the company solvent so they can pay *your* house fire claim.

The Gambling vs. Planning Distinction

Feature	Gambling (Speculative Risk)	Insurance (Pure Risk)
Outcome	Win, Lose, or Draw	Loss or No Loss (Status Quo)
Goal	Create new risk for profit	Transfer existing risk for safety
S3 View	Unsafe for foundation building	Essential for wealth preservation

Insights Summary

> *Key S3 Differentiator: We don't just sell policies; we teach you the "Physics of Risk" so you never feel confused by an exclusion again.*
>
> *Educational Generosity Promise: Understanding these rules helps you manage risk better, regardless of who writes your policy.*
>
> *Stakeholder Synthesis: Safer clients make for a stable insurer and a stronger community pool.*

Your Next Steps

Immediate Action: Check your current policies—do you have "unique" assets that might fail the "Homogeneous" test?

Foundation Building: Start a "Self-Insurance Fund" for risks that fail the "Accidental" test (like maintenance).

Professional Support: Schedule a Coverage Gap Analysis to see if your portfolio respects these 4 rules.