Are Your Life And Insurance In Sync? Ten Life Events to Consider During A New Year's Coverage Review

Family, Career, Housing Changes May Have an Impact on Insurance Needs

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NEW YORK, December 23, 2014 —Marriage, having a child, retirement are just some of the life events that can have a profound effect on insurance needs, so an annual New Year's coverage review is always a good idea, according to the Insurance Information Institute (I.I.I.).

"One of the best ways to start the new year off on a firm financial footing is to make sure that your insurance coverage is up-to-date," said Jeanne M. Salvatore, senior vice president, I.I.I. "A major change in your life such as retirement, adopting a child, investing in a major purchase or moving can have a profound influence on your insurance needs. Take the time to discuss these changes with your Insurance Professional so that you and your loved ones are financially protected. You may even learn that you now qualify for a discount," noted Salvatore.

Consider the following 10 questions when preparing for an annual review with your Insurance Professional:

1. **Have you gotten married or divorced?**

   If you have gotten married and are merging two households, you may need to update your homeowners insurance. It's also a great time to create a home inventory wedding registries make it very easy to create lists.

Couples may also bring two cars into the relationship and two different auto insurance companies, so take the opportunity to review your existing coverage and see which company offers the best combination of price and service. And, don't forget to ask about discounts as there may be savings for insuring multiple cars, as well as for being married.

Reviewing life and disability insurance coverage is prudent. If one spouse is not working, he or she might be dependent on the working spouse's income. The spouse who is not working outside the home should also consider having a separate life insurance policy because, in the event of premature death, the services he or she provides for the household would need to be replaced, and that could prove costly to the surviving spouse. If both spouses are working, couples often make financial commitments based on both incomes so the loss of one spouse's income due to death or disability could be financially devastating without adequate insurance.

If you have gotten divorced, you will probably no longer be sharing a car with your former spouse and have likely moved to a different residence. If this is the case, you should inform your insurer as you will need to set up separate auto and homeowners policies.

1. **Is there a new child in your home?** If you have recently added a child to your family, it is important to review your life insurance and disability income protection. If you are planning for your life insurance to match your survivors' expenses after your death, the new child will no doubt add to those expenses, requiring more life insurance to keep your family secure. If you plan to save for your child's college education, life insurance can assure completion of that plan. And if you keep your current life insurance policy, don't forget to update the beneficiary designations to include the new child.

1. **Did your teenager get a drivers license?** It is generally cheaper to add your teenagers to your auto insurance policy than for them to purchase their own. If they are going to be driving their own car, consider insuring it with your company so you can get a multi-car discount. And choose the car carefully—the type of car a young person drives can dramatically affect the price of insurance. You and your teens should choose a car that is easy to drive and would offer protection in the event of a crash.

Also, encourage your kids to get good grades and to take a driver training course. Most companies will give discounts for getting at least a "B" average in school and for taking recognized driving courses

If your teenagers move at least 100 miles from home—for example, to go to college—you can get a discount for the time they are not around to drive the car (assuming that they leave the car at home).

1. **Have you switched jobs or experienced a significant change in your income?**
   If you had life and disability insurance through your former employer, and your new employer does not provide equivalent protection, you can replace the "lost" coverage with individual policies. In the case of an income increase, you may have taken on additional financial commitments that your survivors will depend on. Make sure to review your life and disability insurance to ensure it is adequate to maintain those commitments.

If your income decreased, you may want to cut your life insurance premiums. Term life insurance is a good option, as the premium rates are very reasonable. And if you already have two or more policies you might be able to replace both with a single policy at a lower rate by reaching a "milestone" amount of insurance. (For example, at many life insurance companies, $500,000 of insurance costs less than $450,000 because of the milestone discount.) But don't drop existing life insurance until after you have a new policy in place.

1. **Have you done extensive renovations on your home?**
   If you have made major improvements to your home, such as adding a new room, enclosing a porch or expanding a kitchen or bathroom, you risk being underinsured if you don't report the changes to your insurance company. And don't overlook new structures outside of your home. If you built a gazebo, a new shed for your tools or installed a pool or hot tub, you should speak to your agent.

If, as part of a renovation, you purchase furniture, exercise equipment or electronics, you may need to increase the amount of insurance you have on your personal possessions. Keep receipts and add any new items to your home inventory. To create your personal home inventory, try the I.I.I.'s free, online software: Know Your Stuff® - Home Inventory.

1. **Have you decided to buy a vacation or retirement home?**
   If you are searching for a vacation home or a second home you might retire to, research the availability and cost of homeowners insurance before you commit to the purchase. The very factors that make a vacation home seem ideal, whether it is a waterfront property or a mountain retreat, can often introduce risks that make it costly and difficult to insure—including the likelihood that it will be vacant for long periods of time.

If your new property is close to the water, be sure to ask about flood insurance. Damage to your home or belongings resulting from flood is *not* covered under standard homeowners insurance policies. Flood insurance is available from the National Flood Insurance Program (NFIP), as well as some private insurers. Ask your Insurance Professional whether your home is at risk for flood, or enter your address on the NFIP website to find out whether your home is in a flood zone. If you have a very valuable home, some homeowners insurers offer excess flood coverage over and above that provided by the NFIP policies.

1. **Have you acquired any new valuables such as jewelry, electronic equipment, fine art, antiques?** A standard homeowners policy offers only limited coverage for highly valuable items. If you have made purchases or received gifts that exceed these limits, you should consider supplementing your policy with a floater, a separate policy that provides additional insurance for your valuables and covers them for perils not included in your policy, such as accidental loss. Before purchasing a floater, the items covered must be professionally appraised. Keep receipts and add the new items to your home inventory.
2. **Have you signed a lease on a house or apartment?** If you are renting a home, your landlord is responsible for insuring the structure of the building, but not for insuring your possessions—that is up to you. Renters insurance is a good investment. Like homeowners insurance, renters insurance includes liability, which covers your responsibility to other people injured at your home, or elsewhere, by you and pays legal defense costs if you are taken to court. It will also provide additional living expenses if you can't live in your home in the event it is damaged by an insured disaster such as a fire.
3. **Have you joined a carpool?** If you are a frequent carpool driver, whether it is to work, or ferrying kids to school and other activities, your liability insurance should reflect the increased risk of additional passengers in the automobile. Check with your agent or representative to make sure your coverage is adequate.
4. **Have you retired?** If you commuted regularly to your job, in retirement your mileage has likely plummeted. If so, you should report it to your auto insurer as it could significantly lower the cost of your premiums. Furthermore, drivers over the age of 50-55 may get a discount, depending on the insurance company.

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