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MEETING INSURANCE NEEDS

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Health Insurance

If your income drop is due to a job loss, layoff, or plant shutdown, an important concern is to maintain health and hospitalization insurance coverage. Most people rely on employer group health insurance to ease the burden of medical costs. But if you no longer have a job, some alternatives do exist.

First, find out what provisions exist under your company's group health plan for extending coverage after a layoff. Under a federal law, the Consolidated Omnibus Budget Reconciliation Act (known as COBRA) requires employers with 20 or more employees to offer continuation of coverage for you and your dependents for 18 months. Under the same law, following an employee's death or divorce, the worker's family can continue coverage for up to three years. If you wish to continue your group coverage, you must notify your employer within 60 days of your layoff. You will have to pay the entire premium instead of sharing the cost with your employer.

If COBRA does not apply in your case, you may be able to convert your group policy to individual coverage. Contact your employer and their insurance company for your options. One advantage of converting policies is that you may not have to pass a medical exam. On the other hand, benefits may be reduced and premiums will be higher.

Another option on health insurance is to take out a short term or interim policy which is typically written for six months or less. Shop around, compare prices and coverages.

If your spouse is employed, check out the possibility of being covered on your spouse's group health insurance. See if and when your spouse could add family coverage through his/her employer. Many group plans have limited "open enrollment" periods.

Investigate buying insurance through another group such as a fraternal or civic organization, professional association or health maintenance organization (HMO). Group coverage is almost always cheaper than coverage offered by individual policies.

If individual coverage is the only alternative, compare several policies for the best coverage. Individual health insurance is very expensive. It is usually wiser to choose a large

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deductible in order to lower premium costs. It is better to cover routine medical expenses yourself and count on major medical insurance to cover unexpected, costly illnesses or emergencies.

If you don't have health insurance or can no longer pay the premiums for health insurance, there are limited health services for the elderly, disabled, children, and pregnant women. Check with your county health department to learn about health care programs provided at little or no cost. These may include immunization programs, well baby clinics, blood pressure checks, and other screening programs.

Life Insurance

There are two types of life insurance–whole life (sometimes called ordinary life or permanent) and term. If you have life insurance, try not to let it lapse if others are dependent on your income or wage-earning capacity. Your policy could be expensive or impossible to replace when your financial situation improves. Owners of whole-life, variable and universal insurance policies can borrow against the cash value or use their accumulated dividends to keep the insurance in effect. The cash value of a whole life insurance policy may also be used for other expenses. Remember, this loan reduces the face value of the policy until it is repaid.

You may have had group term life insurance through your employer. This is pure protection without a cash value or savings feature. If you are uninsurable elsewhere, you may want to convert your former employer's group plan into an individual policy. Check with your employer about converting the policy. Individual term life insurance usually provides maximum protection at the least cost. It insures your life for a fixed period of time–usually 5, 10, or 15 years–and benefits are paid if you die within that time period. Shop around; there is a big difference in term policy prices.

Review your needs before talking with an agent. Evaluate any income coming into the household–spouse's income (if any), interest, unemployment benefits, your debts and your family's living expenses to help you decide what you can afford in regard to insurance.

Automobile Insurance

Automobile insurance has three parts: (1) coverage for damage to your vehicle, such as collision, fire or theft; (2) liability coverage for bodily injuries, property damages and medical expenses of others when you are at fault, and (3) uninsured motorist coverage to pay for injuries caused by an uninsured or unidentified hit-and-run driver. The State of Utah sets minimum limits for insurance of 25/50/15. This means $25,000 for injury to each person in an accident and $50,000 for each accident with a $15,000 property damage limit for each accident. For uninsured motorists, it is 25/50, meaning $25,000 per person and $50,000 per accident. If your policy has limits higher than these and you can't pay the premiums, consider cutting back to the minimum liability limits temporarily.

If your car is not new, one way to reduce automobile insurance premiums is to increase the deductibles for comprehensive and collision or drop these coverage. If your car's value is really low, consider dropping collision coverage.

You may be able to minimize your automobile insurance premiums by checking rates among companies, selecting a higher deductible, purchasing less expensive coverage, and insuring all family cars with the same agent. You may be offered discounts if you are a non-smoker and have a good driving record. If you are planning on trading in your car for a different vehicle, be sure to check insurance rates as they vary considerably by make and model.

Homeowner's Insurance

Homeowner's policies protect you from loss of property and legal liability (if, for example, someone slips and falls on your icy sidewalk). If you experience a loss or damage to your property because of fire, storms, explosions, vandalism, theft or snow, most homeowner's policies will reimburse you for loss or damage to your home and its contents. Coverage is based on the cost of replacing the entire structure, with personal property (such as furniture and appliances) figured as a percentage of that cost, typically 50 percent. Structural coverage should be based on 80 percent of replacement cost for you to be fully protected even for partial loss. Liability protection covers individuals injured on your property, damage you do to other people's property, and medical payments for the injured.

Renter's insurance covers the replacement cost of the contents of your home as well as liability protection for injury. There are special policies for condominium owners and owners of older homes.

If you try to save money by lowering premium costs, beware of under-insuring. Check your policy to see that it will rebuild your house and replace your possessions at today's prices. If your 10-year old television is stolen and your insurance only pays what the television set is worth now, you could have trouble replacing it at current prices.

Estimate your insurance needs, shop around, talk with several agents and select coverage that will fit into your reduced income. With all insurance, make sure the company has a high rating with insurance rating services. Consumer magazines periodically carry articles evaluating prices and services of insurance companies and these are available at your public library.

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