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FOR IMMEDIATE RELEASE

Your Life Has Changed Over the Past Year; But Has Your Insurance Kept Up?

NYIA Recommends an Annual Review of Insurance Needs; Top 10 Questions to Ask Yourself

NEW YORK, February 8, 2006—Major purchases and lifestyle changes such as marriage, divorce or retirement can have a profound effect on your insurance, according to the New York Insurance Association, Inc. (NYIA).

“To make the most of your insurance dollars, it is very important that you let your insurance agent or company representative know about alterations to your home and other major events in your life,” says Bernard Bourdeau, president of NYIA. “A great way to start the new year off on a firm financial footing is to discuss your current insurance needs with your agent, broker or company representative to make sure that it is up-to-date.”

A recent national survey* found that least 32 million U.S. households own insurance policies that aren't right for them—is yours one of those households?

The NYIA recommends asking the following ten questions:

1. Have you gotten married or divorced?

If you have gotten married, you may qualify for a discount on your auto insurance. Couples may well bring two cars into the relationship and two insurance companies, so take the opportunity to review your existing coverage and see which company offers the best combination of price and service.

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If you are merging two households, you may need to update your homeowners insurance. And you may want to consider increasing your insurance for any new valuables received as wedding gifts, and for jewelry such as wedding and engagement rings.

After getting married, it is also important to review your life insurance needs. Becoming a couple means sharing responsibility with and for someone else; life insurance is an excellent way to ensure that the surviving spouse is taken care of in the event of the premature death of the other spouse.

If you got divorced, you will probably no longer be sharing a car and may move to a smaller home—you should inform your insurer as this will mean setting up separate auto and homeowners policies.

2. Have you had a baby?

If you've recently added a child to your family (by birth or adoption), it is important to review your life insurance protection—a third of those families with a new baby, or 5 million households, haven't updated their life insurance protection.

If you're planning for your life insurance to match your survivors' expenses after your death, the new child will likely add to those expenses—requiring more life insurance to keep them secure. If you plan to save for your child's college education, life insurance can assure completion of that plan. Don't forget to update the beneficiary designations on your life insurance to include the new child.

3. Has your teenager gotten a drivers license?

It is generally cheaper to add your teenagers to your 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 that you can get a multipolicy discount. And choose the car carefully—the type of car a young person drives can dramatically affect the price of insurance. You and your teenagers 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—say to go to college—you can get a discount for the time they are not around to drive the car. This, of course, assumes that they leave the car at home!

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4. Have you switched jobs or experienced a significant change in your salary?

If you had life insurance through your former employer, and your new employer doesn't provide equivalent protection, you can replace the "lost" coverage with an individual life insurance policy.

In the case of a salary increase, you may have taken on additional financial commitments that your survivors will depend on. Make sure to review your life insurance program to see whether it is adequate to maintain those commitments.

If your salary decreased, you may want to cut your life insurance premiums. Fortunately, life insurance premiums in general have been getting cheaper, so if you shop around you may pay less for the protection. If you have two or more policies you can combine the death benefit amounts into one policy to qualify for a lower rate because you reach a "milestone" amount of insurance. (For example, at many 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.

5. 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.

Nearly 40 percent of homeowners who say they have "significantly remodeled their homes" have not updated their homeowners insurance to reflect the new value of their homes. This means almost 8 million American homes are improperly insured—make sure yours is not one of them.

Don't forget about new structures outside of your home. If you have built a gazebo, a new shed for your tools or installed a pool or hot tub, you need to speak to your agent.

If, as part of the 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.

6. Have you decided to buy a retirement or vacation home?

If you are searching for your dream vacation home or a second home you might retire to, make sure you research the availability and cost of homeowners insurance before you commit to the purchase. Often, the very factors that make a vacation home seem ideal—whether it is a waterfront property or a mountain retreat—can introduce risks that, together with the fact the home is likely to be vacant much of the time, can make it costly and difficult to insure.

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In the event you have already bought a vacation home, don't skimp on the insurance. The risk of theft or disaster is just as significant, if not more so, in a second home as in your primary residence.

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), and is generally sold through many private agents and brokers. You can ask your agent or representative whether your home might be at risk for flood.

The NFIP Web site (<http://www.floodsmart.gov/floodsmart/pages/index.jsp>) also has a handy tool for assessing your flood risk—just enter your address, and it will tell you your level of risk (<http://www.floodsmart.gov/floodsmart/pages/riskassessment/findpropertyform.jsp>). Some homeowners insurers do offer flood coverage in excess of the NFIP policy.

7. Have you acquired any new valuables—jewelry, electronic equipment, fine art, antiques?

A standard homeowners policy offers only limited coverage for such 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.

8. 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's up to you. Nevertheless, nearly seven in 10, or 20 million, renters say they do not have renters insurance. If you want to be covered against losses from theft and catastrophes such as fire, lightning and windstorm damage, you should invest in renters insurance. 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.

Regardless of whether you are an owner or renter, you will have the following options when it comes to insuring your possessions:

- **Actual cash value** pays to replace your home or possessions minus a deduction for depreciation.
- **Replacement cost** pays the cost of rebuilding/repairing your home or replacing your possessions without a deduction for depreciation.

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Think carefully about what your financial position would be in the aftermath of a disaster, and make sure you have the type of policy that is right for you.

9. 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; an alarming 85 percent of frequent carpoolers do not adjust their auto insurance accordingly.

10. Have you retired?

If you commuted regularly to your job, then 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.

For more information on insurance and financial planning for different stages of your life, see the Life Stages tool at <http://www.iii.org>.

*Survey conducted by the Trusted Choice[®] agencies, a group of insurance and financial services firms. For more details on the survey, go to <http://www.TrustedChoice.com>.

The New York Insurance Association is a trade association of property/casualty insurance companies which provide coverage for autos, homes and businesses throughout New York State.