



SURVIVING TOUGH TIMES

HACE E-23-06

MEETING YOUR INSURANCE NEEDS

When your income drops or ceases, review your insurance coverage. If your income decreases because of a layoff, illness, disability or premature death, your family may find it extremely difficult to pay insurance premiums. If you are not able to make a payment, determine your minimum needs for insurance. Then call or write the insurance company to check into a different payment plan that allows you to keep the coverage you need. Or, investigate plans with lower premiums.

Insurance protects you and your family against the risk of financial losses caused by illness, accidents, and other destructive or damaging events. Through insurance you pool your risk with others. You pay (or your employer pays for you) a premium to an insurance company that in return pays for the damaging effects of a large loss if it occurs.

For some risks, you may decide to accept or share the risk. Savings, instead of insurance or maintenance contracts, could be used to pay a variety of unexpected expenses like burial expenses and repairs of major equipment. Raising deductibles (the amount of money you agree to pay per claim before the insurance company pays for a loss) is a way to share risk and reduce costs.



Automobile Insurance

It is against Georgia law to drive any vehicle that does not have the minimum coverage of 25/50/25. These numbers represent the maximum amount the insurance company will pay for a particular vehicle; \$25,000 per person for bodily harm, \$50,000 per accident for bodily harm, and \$25,000 property damage. Higher levels of coverage, such as 100/300/100, are also available, providing much better coverage for just a few dollars more. Remember, you're responsible for any losses in excess of your coverage limits.

In Georgia, if you allow the insurance coverage on your automobile to lapse, your driver's license will be suspended. If your automobile insurance lapses two times within a three-year period, you can lose your license. In addition, you could be charged more when you decide to obtain insurance again. Be sure to discuss all options with your insurance representative before making any changes. And if you do change companies, be sure to cancel the previous policy and not just let it expire.

Discounts

Ask about the different discounts your company may offer. Examples of discounts include the following:

- multi-car discount,
- good student discounts,
- discounts for having both homeowner's and automobile insurance with the same company,

- discounts for people who have not been in “at-fault” accidents within a certain time period,
- discounts for having air bags and anti-theft devices in vehicle,
- Driver education for young drivers.

One way to reduce automobile insurance premiums is raising the deductibles for comprehensive and collision or dropping these coverages. Consider dropping collision coverage if the car’s value is so low you could assume the loss yourself or if the repairs would cost more than the car is worth. If your car is collateral for a loan, your lender may not allow you to drop collision coverage.

Consider reducing your risks. Although you cannot eliminate risk from your life you can postpone, minimize, or control some losses. For example, wear your seat belt and avoid driving during bad weather to reduce your chance for a liability in an accident. And NEVER drive after consuming alcoholic beverages.



Health Insurance

Most people rely on employer group health insurance to ease the burden of medical costs. If you no longer have a job, some alternatives exist. Group policies may allow you to continue coverage for a limited time following job termination. You may be covered for an additional 30 days after your last working day. If you find a new job within 30 days, you could have continuous group coverage. Talk with the person responsible for employee benefits at your former place of employment about your coverage.

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 you to coverage through his or her employer. Many employers or other groups have limited “open enrollment” periods.

Contact your employer about continuing or converting your group health policy to an individual policy. If you have group insurance for at least three months, you may continue the group coverage up to 18 months by paying the premium. After that, the insurance company may require you to convert to an individual policy. As long as

you continue to pay the entire premium, and are not eligible for similar coverage under another group policy, the group coverage will continue for 18 months. You are eligible to convert if you lost your job because of a lay-off, dismissal, or resignation but not because of misconduct.

Investigate buying insurance through another group like fraternal or other organization, professional association, or health maintenance organization. Group coverage is almost always cheaper than individual coverage.

If individual coverage is the only alternative, comparison shop for the best deal. Individual health insurance is very expensive. Generally, it is wise to choose a larger deductible to reduce premium costs than not to be covered. Avoid purchasing single disease or overlapping coverage.

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 or local Department of Family and Children Services to learn more about health care programs provided at little or no cost.

The state of Georgia now offers PeachCare for Kids, which is health insurance for working, self-supporting families with limited incomes. Coverage is the same as private programs, including regular check-ups and vision care. Depending on family income, the monthly premium is \$10 to \$35 for a child aged 6 to 19 years, and \$15 to \$70 for two or more children (age 6 to 19). There is no charge for children 5 and under. To find out if your family qualifies or for more information call toll-free 1-877-GA PEACH (1-877-427-3224).

Since everyone’s situation is different, it is important that you ask your insurance agent questions and gather information about your options before making any changes.

Homeowner Insurance

Most homeowner’s policies protect you from loss of property and legal liability. If you experience a loss because of fire, storms, explosions, vandalism, theft or

snow, most homeowner's policies reimburse you for loss or damage to the house and its contents. Coverage is based on the cost of replacing the entire structure, with personal property figured as a percentage of that cost, typically 50 percent.

Coverage should be based on replacement costs rather than actual cash value. For example, if your 10-year-old television is stolen, unless you have replacement cost coverage, your insurance only pays what the television set is worth. You will have trouble replacing it at current prices.

Liability protection covers individuals injured on your property, your damage to someone else's property and medical payments for the injured. If your dog bites a mail carrier, for example the liability portion of your insurance covers the medical costs. Renter's policies cover the replacement cost of the contents of your home as well as liability protection.

If you try to save money by lowering premium costs, beware of under-insuring. You are not fully protected for even small losses unless your policy covers at least 80 percent of the current value of your home. Check your policy to make sure it will rebuild your house and replace your possessions at today's prices.

Conclusion

Estimate your needs, shop around, talk with several agents and select coverage that will fit your budget. Insurance needs should be reviewed periodically to avoid paying for coverage you don't need (over-insuring) and to make sure you are adequately protected from insurable losses. When your income drops, it is tempting to stop paying insurance premiums. However, living without adequate insurance protection places you and your family at serious risk for even greater difficulties than you may currently be experiencing.

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Surviving Tough Times is a 19-part series for individuals and families experiencing under-employment and unemployment. Originally developed by Linda Boelter, University of Wisconsin Cooperative Extension Service.

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