Insurance advisor 2020: The smartest five minutes you can spend on insurance

Les Masterson - Last updated: Jan. 21, 2020

Having the right insurance coverage plays a crucial role in your financial situation. Yet nearly half of those surveyed said they never review their policies and about 75% said they don't analyze their insurance regularly as part of a financial portfolio. Many mistakenly believe there is no benefit to doing so, while others don't know how or don't have the time, according to Insure.com's survey. That's why the experts at Insure.com developed the Insurance Advisor.

The Insurance Advisor quickly tells you whether you have enough auto, health, home and life insurance coverage. The Insurance Advisor identifies holes or weak areas in your insurance portfolio. It even offers where you can save money. All you need is five minutes and your insurance coverage documents.

The advisor will give you a letter grade for each part of your insurance portfolio. It also offers advice after analyzing your situation. You can then make the necessary changes so you're properly covered.

You don't even need an insurance policy to use the tool. The Insurance Advisor gives you the best coverage recommendations for your specific situation.

How often should you review your insurance needs? Insure.com Senior Consumer Analyst Penny Gusner recommends using the Insurance Advisor tool annually or anytime you have a major life event to protect your assets, your family and your quality of life. These events could include marriage, the addition of a child, buy or sell a home, divorce or death in the family.

If you are unfamiliar with your policies or feel unsure about limits and industry jargon, Gusner recommends pulling up your accounts online in multiple tabs in your browser. That way, as you complete the Insurance Advisor tool, you have everything you need just a few clicks away to help ensure the most accurate report possible.

Many people don't often review their insurance needs

Insure.com recently surveyed 500 people to see how often they review their insurance policies. We found that more than half said they review auto and home policies either yearly or at renewal time. Analyzing your insurance each year is a great habit.

Life changes. You may have a new job with a higher salary. You might have lost your job. You may have purchased a new home. Maybe your children are starting school. All of these life experiences can mean reviewing your insurance needs.

Not surprisingly, we found that fewer people spend time thinking about their life insurance than other types of coverage. Only 35% said they review their life insurance needs annually.
We found that men are more likely to review life insurance needs. Forty percent of men said they consider their life insurance annually. That's compared to 31% of women. Also, 14% of women said they never think about their life insurance. That's a higher percentage than men (10%).

Insurance can play a vital role in your financial situation. However, the survey found that 47% of people don't assess their policies or consider them a part of their financial picture. Only 24% said they review their insurance regularly as part of a financial portfolio.

Women especially don't consider insurance policies as part of their financial portfolio. Fifty-two percent of women don't review policies or consider them part of their financial portfolio. That's compared to 42% of men.

When asked why they don't assess their insurance needs more often, 59% said they don't see the benefit, 24% said they don't know how and 18% said they don't have the time.

That's not a problem with the Insurance Advisor. Instead, you just need five minutes to fill out the information and let the tool tell you if you need to make changes. There are plenty of benefits to review your policies, but the top ones are it could save you money by comparing costs and you may find you should adjust your coverages to fill gaps to have the best protection for your needs. The benefits of reviewing your insurance portfolio far outweigh the minimal time it takes.

Reviewing your auto insurance
Cost is only one part of an auto insurance policy. A low price tag might initially mean a smaller hit to your wallet, but it may not protect you and your family's assets.

Other aspects to take into account are claims processing, customer service and financial rating. If you're in the market for a new auto insurance policy, review Insure.com's Best Auto Insurance Companies.

As you begin your insurance check-up, the Insurance Advisor will ask for information on your vehicle's make, model and year. It will also review your auto insurance coverage: liability limits, comprehensive & collision, uninsured motorist coverage and PIP or MedPay coverage.

"If you're not ready to use the Insurance Advisor yet, there are some faithful rules you can follow when evaluating coverage on your own," explains Insure.com Editorial Director Michelle Megna. "You can make some basic calculations to ensure you're not paying for unnecessary coverages."

Auto insurance at a glance

Liability recommendations

If your net worth is:

- Less than $50,000, choose at least 50/100/50
- Between $50,000 and $100,000, choose at least 100/300/100
- More than $100,000, choose at least 250/500/100

Collision coverage recommendations:

- If your car is less than 10 years old, consider buying collision coverage to protect the value of the vehicle.
- If your car is more than 10 years old, buy collision if your car is worth $3,000 or more.
- Buy collision if you can't afford to replace the vehicle in the event of a total loss from an accident.

Comprehensive coverage recommendations:

- If your car is less than 10 years old, you should consider buying comprehensive.
- If your car is more than 10 years old, buy comprehensive if your car is worth $3,000 or more.
- Buy comprehensive if you live in a region prone to flooding, hail or animal strikes.

Calculate Your Score Now Using Our Auto Insurance Advisor Tool

Reviewing your home insurance

Homeowners often don't give home insurance another thought after buying the initial policy. However, those policies become quickly outdated.

New furniture, a fancy flat-screen TV, laptop computer and remodeling your home are all times to increase your home insurance coverage.

Taking an inventory of your items is crucial to making sure you're up-to-date, so you can protect your home and assets. Many companies even allow you to upload a video inventory — making the process as simple and painless as possible.
In this section, the Insurance Advisor tool looks at the basic components of home insurance, such as dwelling coverage, liability and personal property.

Home Insurance at a glance

- Dwelling refers to the amount needed to rebuild your home and replace the possessions inside.
- Liability is the amount of coverage to cover the cost of damages that you or other people covered by your insurance policy are responsible for causing.
- Personal property - Items or collections of items of particularly high value, usually over $2,500, are insured with a rider in your home insurance. Gun collections, antiques, jewelry and heirlooms are just a few examples of items that might benefit from having a rider in place.

Gusner recommends buying enough dwelling coverage to rebuild or repair your home with equitable materials in today's market. She also suggests $300,000 or more in liability coverage.

"If someone suffers an injury on your property, they may have no other choice but to file a claim in order to pay their medical bills," says Gusner. "A dog bite, a trip hazard, even food poisoning leaves you vulnerable to holding the bill for an injury that occurs on your property."
It's also preferable to select Replacement Cost instead of Actual Cost Value, so if your items need to be replaced, you receive the dollar amount required to buy the same or comparable item, rather than the value of the item at the time of loss.

Shop around yearly for home insurance when yours is up for renewal. Make sure to look into bundling your auto coverage with the same provider to see if the company can give you a good price on great coverages.
Calculate Your Score Now Using Our Home Insurance Advisor Tool

Reviewing your health insurance
When buying a health plan, it's vital to think about your health, your family's health, your financial situation and what you want out of a health plan. Once you've done that, you can dig into the copay, coinsurance, deductible and provider network.

You also may want to figure out the type of plan that works best for you if you have a choice. Plans vary based on costs and provider networks.

The most common types of health plans at a glance:

- **PPO** - PPO stands for preferred-provider organization. Premiums are usually much higher for a PPO compared to an HMO, but that comes with greater flexibility to choose your service providers and locations.

- **High-deductible** - HDHP stands for high-deductible health plan. While the deductible is high, plans usually attach a Health Savings Account (HSA). An HSA allows you and your employer to save for your health care.

- **HMO** - HMO stands for health maintenance organization and known for its lower premiums and restricted network of doctors and hospitals. What you sacrifice in flexibility, you gain in lower upfront costs.

- **POS** - POS stands for point of service plan and isn't nearly as common as PPOs, HDHPs and HMOs. POS plans are a hybrid of PPO and HMOs, meaning the health care consumer gets to choose whether to use HMO or PPO services each time a provider is seen.

- **Catastrophic** - A catastrophic plan protects you in worst-case scenarios only, like accidents or serious illnesses. These have low premiums but can have substantial out-of-pocket costs.

The Insurance Advisor reviews your current medical plan in comparison to your medical needs at this time.

Gusner's advice when it comes to health insurance: Take time to work through different scenarios.

"Your cheapest option is nearly always workplace health insurance. Even then, if your partner also has health insurance through an employer, be sure to crunch the numbers to see if it's more cost-effective to be on one plan or if it's cheaper to use each employer's health insurance separately," she says. "This step is even more important when you have kids; the premiums for a family can vary by hundreds of dollars per year."

Reviewing your life insurance

Life insurance isn't required, unlike other types of insurance. For that reason, it's often overlooked in the insurance portfolio; however, life insurance is crucial to help ensure the quality of life for your family in the event of your death at a time when you are a major financial contributor.

The Insurance Advisor breaks down term and permanent life insurance. It looks at your dependents' needs and your final requests to strategize the best kind of policy and coverage levels to ensure your family's quality of life.

Life insurance is meant to help pay off expenses like a mortgage, provide funds for funeral expenses, offer your partner with a supplemented income for a certain amount of time and even help fund education for your children.
Your mortgage, debts, income and additional expenses, like childcare or education, should influence which life insurance policy is best for you.

Life insurance types at a glance:

- **Term life** - Provides death benefit protection without any savings, investment or cash-value components. Term life insurance is available for set periods, such as 10, 15, 20 or 30 years. Term life is a popular choice because of the significantly lower cost. However, if you outlive the policy, you may find yourself in a challenging situation to try to buy another life insurance policy.
- **Permanent life** - Provides a death benefit and lets you tap into the policy while you're alive as part of the cash-value account. As the name implies, the policy doesn't have an expiration date. Rates are significantly higher than term coverage. Whole life is the most popular type of permanent life policy.

"One of the biggest mistakes you can make with regard to life insurance is not telling the beneficiary about the policy and how to access it," says Megna. "Life insurance companies are under no obligation to reach out to beneficiaries. In fact, most often, the company isn't even aware the policyholder has died, and it's a family member who reports the death of a person to the insurance company."
Calculate Your Score Now Using Our Life Insurance Advisor Tool

Start your insurance check-up now!
When you've finished the four sections of the Insurance Advisor, you'll have a comprehensive review of your auto, health, home and life insurance coverage.
"Our tool is an exceptional way to get a complete snapshot of your insurance portfolio. This process could easily take two hours with an in-person insurance advisor, but with this tool, the same guidance will take a fraction of the time. With this information, you'll be prepared to have conversations with agents that can help you reduce costs, eliminate useless coverage and raise coverage as your net worth grows," says Gusner.

After completing your assessment, if you find that you are now in the market to supplement or change your insurance, review the annual Best Insurance Companies.