

Valentine's Day's Life-Changing Moments Prompt Insurance Questions

By John Doak, Oklahoma Insurance Commissioner

Valentine's Day is upon us, and romance is in the air. Have you considered the insurance ramifications?

The Diamond Information Center estimates that one in every 10 American married couples became engaged on Valentine's Day. Many other couples choose the holiday as their wedding day.



That makes Valentine's Day a date of life-changing moments. So beyond kindling a fire in your heart, Valentine's Day should spark a review of your insurance needs.

With every typical engagement, of course, comes a ring. And even if this Valentine's Day is only for gift-giving from the heart – to your significant other, a future spouse, or the person you wed long ago – the jewelry, watch or other present you painstakingly picked might not be protected if your insurance policy is insufficient.

Most homeowners and renters insurance includes jewelry among the types of personal property that is covered against loss. But, the standard coverage your insurer provides might not be enough. Many policies set limits on the amount of coverage, and some policies don't protect against all types of loss. Given the sentimental value of these pieces, beyond their financial worth, it's wise to be sure that your heirlooms are covered under all circumstances, including accidental damage or simply losing the item.

Now is a good time to review your homeowner's insurance policy to see if your current plan is enough to cover the actual worth of your jewelry, particularly if you just added a major piece such as an engagement ring to that collection. Have your jewelry appraised and documented to set an accurate value; some insurers will require this information before considering a supplemental policy or an endorsement of increased coverage on your current policy. Keep photos of each item and a copy of the appraisal in your home inventory in the event you need to file a claim.

Consider that circumstances beyond the sheer dollar value of the jewelry can affect your insurance premiums and deductibles. The insurance company might charge you more if the item is worn every day, increasing its exposure to loss, damage or theft. On the other hand, you might

qualify for a discount if a little-worn item is stored in a home safe or a safe deposit box at the bank, or if your home has a burglar alarm system.

As you shop for supplemental insurance on your heirlooms, ask about options such as a zero deductible for jewelry, double-check to ensure that the policy covers not just theft, but also simple loss of the item or damage to it, and find out if you are covered worldwide or only if the theft or loss occurs in the U.S. Also, know the difference between replacement coverage and actual cash value coverage. The former replaces the item with a similar piece of equal current value while the latter gives you cash in an amount equal to the value of that item as stated in the original policy – which could be less than jewelry is worth today.

If you do become engaged on Valentine's Day, your mutual insurance needs are affected far beyond the impact of an engagement ring. Marriage is a status-changer that can facilitate enrollment opportunities and changes in many of your insurance policies.

Many newlywed couples will be consolidating households for the first time. If you buy a home together, it might be more likely that your new insurance policy on that residence will accurately reflect the value of the items a bride and groom each bring into the marriage, and therefore into the home. But if one spouse moves into the other's place, it is crucial to review the homeowner's or renter's insurance policy which covers that residence, to be sure it provides adequate protection for any valuable property that has been moved into the household.

The engagement period is also an ideal time to review your auto insurance. Newlyweds will likely want their vehicles insured by the same company, in no small part because they might qualify for a multi-car discount. Compare the current auto insurance policy on each spouse's vehicle – considering not just monthly premium, but deductibles, amounts and types of coverage provided, and customer service – to decide which company will get your new household's business.

A family health insurance policy is probably in order, as well. If either or both spouses have coverage through work, talk with a human resources representative at the office to determine which policy offers the best benefits for switching from "single" to "couple" or "family" coverage, and thus which policy can be dropped. If you've gone with limited coverage in the past as a single individual, consider increasing your protection or adding supplemental disability insurance, because now if you're so sick or injured that you can't work, the financial fallout affects more than just yourself.

Finally, engagement and marriage should prompt a serious conversation about life insurance. Perhaps you've been uncovered, or had only a very small policy, in the past. That might have been enough for a single person with fewer obligations and no dependents. Now, another person is counting on you as a contributor to the family, hopefully for the rest of your natural lives. Any home you've purchased, the daily and future needs (including college educations) of your potential children, the retirement plans of your spouse, and so many other essential elements of the lives of any survivors you leave behind, are put at risk in the event of your untimely and uninsured death. Plan now for the type and amount of life insurance each spouse should carry to protect the family's future.