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MARSHALL LOEB'S DAILY MONEY TIP

When life changes, update your insurance

By [Marshall Loeb](#), MarketWatch
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NEW YORK (MarketWatch) -- Insurance policies, like shoes, provide the most comfort when they fit well. Yet at least 32 million households in the U.S. own insurance policies that aren't right for them, according to the Insurance Information Institute. In fact, in 2006, 58% of homes were undervalued in their policies by an average of 21%.

But how can you tell if your insurance policy doesn't fit correctly? A good time to test it is when you undergo a major change in your life. For example, if you've recently gotten married or divorced, it may be time to update your homeowners and life insurance policies. You could be eligible for a discount on your auto insurance if you've just tied the knot. And don't forget to update your life insurance protection when you have a new baby -- one-third of households with new additions forget to do so.

While getting married and having kids are the no-brainer life events that may prompt insurance changes, there are several other instances when you should review your policies:

- If your teenager gets a drivers license. It's usually cheaper to add your teen to your current auto policy than to buy a separate one. If she has her own car, your company may offer a multipolicy discount. Honor roll student? Many companies offer discounts for earning at least a B average in school, so ask about it.
- If you change jobs or get a significant bump (or decrease) in your salary. Does your new employer offer life insurance coverage? If not, and your old employer did, you'll have to get an individual policy. Major salary changes may also affect your life insurance policy, so review your needs and talk to your agent.
- If you've renovated your home. Major home improvements, such as adding a new room or expanding a kitchen, should be properly insured. You'll want your hard work reflected -- and covered -- in your homeowners insurance.
- If you've acquired valuables such as jewelry or art. Your homeowners policy may provide only limited coverage for expensive items such as electronics, antiques or jewelry. You might want to supplement your policy with a floater that provides additional insurance for valuables. Just be sure to get the items professionally appraised so you know what they're worth.
- If you're renting a property. Your landlord is only responsible for insuring the structure of the building, not the possessions in it. Consider buying renters insurance to cover theft and damage.
- If you've joined a carpool. Whether you're driving co-workers to work or busing your kids and their friends to school, you'll want to make sure your liability insurance covers additional passengers.
- If you've retired. Your auto insurance premiums could drop considerably -- after all, you're not commuting to work anymore. And maturity pays off, as well: Some companies offer discounts for drivers above the age of 50. ■

Marshall Loeb, former editor of Fortune, Money, and The Columbia Journalism Review, writes "Your Dollars" exclusively for MarketWatch.



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