

10 signs that your insurance coverage is a turkey

Every Thanksgiving, Americans carve up and savor millions of pounds of turkey. When it comes to insurance, however, a turkey – coverage that doesn't fit your needs – may leave a bad taste in your mouth.

Here are 10 indicators that your current coverage can't stand on its own two legs and what you can do to make sure your coverage is stuffed with the right ingredients.

1. You snagged a health insurance plan that looked good but just got really expensive.

If you work for an employer that offers a wide variety of health insurance plans to its workers, it may be easy or even tempting to sign up for a plan that looks like a winner at first glance. If you don't know the plan's details, however, you may find unexpected surprises, usually in the form of less money in your wallet.

If you're ready to switch plans, read the fine print, says Susan Lundy, founder of Benefits by Design Insurance Services in Larkspur, Calif. "The footnotes have kernels of information that can really help," she says. A plan may seem attractive but may contain tiny print indicating, for instance, that only low-cost generic medications are covered.

2. You have an upcoming medical procedure that may be hampered by your current coverage.

If you're enrolled in an HMO through your employer, you'll receive most, if not all, of your health care from what's known as an in-network provider. But if you need to have a medical procedure that will require you to go out of network to get care — care that will come at a higher price because you're not staying in your network — you may have to switch from an HMO to a PPO, according to Lundy.

Although not common, you may find yourself or a relative needing to see a specialist. For rare diseases or conditions, such as a congenital hand deformity that would require numerous surgeries, you may feel the best available option is outside your current network. Switching to a PPO would give you access to the right specialist.

If you're switching to a plan with comparable coverage, you generally won't have to wait for the new coverage to take effect, Lundy says. If you're making a move that will lead to better coverage, however,

there may be a waiting period. The exact amount of time you'll need to wait varies from state to state.

3. You have the same life insurance policy you bought five years ago – but your health has improved. Several signs can indicate that changes should be made on your life insurance policy, including your health, says Joan Antonello, vice president of corporate and personal insurance planning at Weiser Capital Management in New York City. If you've taken steps to improve your health — you stopped smoking or lost weight — it may be time to sit down with your financial adviser. You may be able to lower rates for term life insurance based on your improved health.

4. You install a pool and tell all your friends but not your home insurance company).

Pools bring in extra liability: Drowning is a leading cause of death for children ages 1 to 4, and the fifth-leading cause of unintentional injury death for people of all ages, according to the federal Centers for Disease Control and Prevention.

"If you put in a pool, talk to your agent, broker or insurance company," says Amy Bach, executive director of United Policyholders, an advocacy group for insurance consumers.

Most home insurance policies include a minimum of \$100,000 worth of liability protection, but higher amounts are available. According to the Insurance Information Institute, it's increasingly recommended that homeowners consider buying at least \$300,000 to \$500,000 worth of coverage of liability protection. If you own a pool, consider taking out an additional \$1 million in umbrella insurance. An umbrella policy kicks in when you reach the limit on the underlying liability coverage in a home, renter's, condo or auto insurance policy. It also will cover you for things such as libel and slander.

5. You're traveling overseas – with no extra coverage.

When you step outside the United States, your health insurance may be restricted depending on your location and the type of medical care covered by your current policy. Some plans won't cover emergency treatment in another country, meaning you could end up paying hefty fees in the event of a crisis.

While health insurance plans vary, you often can get a lot more coverage when going abroad through a temporary plan, says Craig Gussin, president of the San Diego Association of Health Underwriters. If you're going on a cruise, you may be able to purchase coverage through the cruise line.

6. You're banking on the government for your long-term care needs.

Medicare is designed for short-term healing, says Jesse Slome, executive director of the American Association for Long-Term Care Insurance. If you need care, such as a nursing home stay, Medicare will typically cover 25 days. After that, you'll have significant out-of-pocket expenses; following the 100-day mark, the coverage ends.

Long-term care insurance is designed for conditions you're not expected to recover from. Taking out a policy now, while you're relatively healthy, can provide coverage for a degenerative condition like

Parkinson's, a prolonged disease such as cancer or a cognitive disorder like Alzheimer's.

One caveat: Once you have long-term care insurance, it generally is not cost-effective to switch carriers or plans. So study your options well, and consider asking a knowledgeable agent or broker for help in finding a suitable plan.

7. You drive a car mainly for your business, but it's listed under your personal auto policy.

Much like a personal auto policy, a commercial auto policy will provide coverage to repair or replace a vehicle used for work and pay claims to any third party injured in a crash. Plus, it will pull liability away from you personally, says insurance consultant Billy Van Jura, founder of Birchyard LLC in Poughkeepsie, N. Y.

8. You're facing a downpour at home without a financial umbrella.

Most standard home insurance policies do not cover damage from flooding. You can find coverage through the National Flood Insurance Program or a handful of private insurance companies.

Flood insurance is worth considering, even if you think you're on high ground. One-fourth of flood losses occur in low-risk areas, according to the Insurance Information Institute. Learn more about flood insurance and your options at FloodSmart.gov.

9. You drive a well-insured clunker.

Buying only the minimum amount of liability means you'll likely pay more out of pocket if you're sued — and those costs may be steep, the Insurance Information Institute says. To reduce risk, consider keeping a minimum of \$100,000 of bodily injury protection per person and \$300,000 per accident. Requirements vary greatly by state.

If you're driving an older car, however, you can save in other ways. You may want to drop optional collision and comprehensive coverage, especially if the vehicle is worth less than \$1,000 or less than 10 times the insurance premium.

10. You've undervalued your business to save on premiums.

Insurers require that a business be insured for its actual value. If your business is set at a lower value and a loss occurs, you could end up owing more than you saved.

Say you lose a building in a fire that's covered under your business insurance policy. If the building is not insured for a dollar amount equal to its actual value, a penalty — usually in the form of money — will be applied to the settlement amount. This penalty often is known as co-insurance.

To be prepared, have your business evaluated each year by an independent appraiser, then adjust your insurance coverage to match the business' current value.