

Best Insurance Moves for April: Spring Cleaning for Your Insurance

Nerd Wallet

As you're tackling dust bunnies and cluttered closets in your spring cleaning, don't forget your insurance policies. They may need to be dusted off and refreshed, too.

Reviewing and adjusting your insurance coverage is an important part of overall financial planning.

Here's what to look at in each policy.

Auto insurance

Do you examine your auto insurance policy at each renewal time? If not, now's the time to dig out your last declarations page and review your coverage. The declarations page is the summary of your coverage and deductibles.

Check your liability limits. Are they high enough to adequately cover you in case you cause an accident? If you've simply renewed the same policy for many years, you might be underinsured. NerdWallet's insurance estimator tool can help you shop around.

Check for collision and comprehensive coverage limits. These cover damage to your own vehicle. If you have collision and comprehensive, are the limits adequate? If you didn't buy them, should you add them? Conversely, if you're carrying collision and comp on an older car, is it worth it? In the worst case, if your vehicle were totaled, these coverages would pay out only for the value of the vehicle. Consider the premiums you pay compared with the actual cash value of your vehicle, which you can check at sites like NADAguides.com.

Check your deductibles on collision and comp, if you have those coverages. If your deductible is low — like \$500 — this could be a savings opportunity. Switching to a higher amount, such as \$1,500, will reduce your premiums.

Make sure all your vehicles have current insurance cards in them. You'll want to have the current card handy in case there's an accident.

Homeowners insurance

Your house might be your biggest asset, so examining your current home insurance coverage is

important. Just as with auto insurance, your coverage summary will be found on your declarations page. Here's what to look for:

Is your insurer automatically updating your dwelling coverage every year to reflect local construction costs? United Policyholders has tips on double-checking your homeowners coverage.

Check your deductibles. Are they what you expect? In many areas of the country, home insurers have been switching customers from flat dollar-amount deductibles to percentage-based deductibles. Your agent isn't going to call you about this — the change will be shown on your declarations page.

Consider your valuables. If you've acquired expensive jewelry, for example, it may not be fully covered under a standard homeowners policy. You may need riders for items like jewelry, artwork and computers. Check the details of your policy, or ask your agent to explain coverage limits.

Do you have a list of every single item in your house right now? Many people don't, yet having a complete home inventory is crucial to maximizing a claim if your house suffers serious damage.

You may think you can reconstruct a list of your belongings if need be, but Mary Bonelli, a spokeswoman for the Ohio Insurance Institute, says, "Here's an exercise that will convince you of the need to have one. Walk into your kitchen or bedroom and look around. Now close your eyes and try to remember each and every item in that room. I seriously doubt anyone has that level of recall. Now imagine remembering everything in every room."

The Ohio Insurance Institute has helpful tips on making an inventory. In addition, the Insurance Information Institute has free online inventory software.

Bonelli also points out that renters need a home inventory just as much as homeowners.

Life insurance

You may not think you need to pay attention to your life insurance policy, but it's worth the time if you've had any major life changes recently. The life insurance calculator at Life Happens can help you pinpoint the right coverage amount. Here's what to look for:

If you've bought a house, do you have enough life insurance to cover the amount and duration of the mortgage?

If you've gotten married or divorced, do you need to change your beneficiaries?

If you've had children, is your coverage amount still adequate, considering living expenses and potential college tuition?

Insurance policies protect against financial disaster, whether it's from a car crash, house fire or death in the family. Having them up to date is even more important than having a clean basement.