

Should You Bundle Your Insurance Coverage?

Angie's List

Maybe you saw an ad on TV touting cost savings associated with bundling insurance — purchasing multiple policies, such as for home and auto, through the same company — or your insurance agent suggested it.

“Usual discounts are about 5 to 20 percent depending on the company,” says Claudia McClain, an independent insurance broker who owns McClain Insurance Services in Everett, Washington.

Among other benefits, going through one company for multiple forms of coverage can streamline paperwork, including for billing, and improve coordination of claims handling, such as when a storm damages your home and car.

Sometimes coverage offerings include one deductible for multiple forms of insurance, saving consumers money on claims, too. However, McClain and other experts say it’s important to consider several factors before deciding whether to bundle.

Evaluate each policy on its own merit

If you know a brand to be associated with one type of insurance, you should think a little harder about whether to bundle, says Amy Bach, executive director of United Policyholders, a nonprofit source of insurance information for consumers, which doesn’t take funding from the insurance industry.

For any type of coverage, look for shorter, simpler policies with straightforward payout terms, Bach says. For homeowners insurance, expect a thorough valuation with the insurer asking many questions to keep from underinsuring a home, Bach says, from what kind of countertops you have in the kitchen to the type of flooring, windows and foundation. Red flag: getting a quote for homeowners insurance in less than 10 to 15 minutes.

Tailor coverage to your most important asset

To mitigate risk, Bach advises first evaluating whether a company is best suited to cover your largest asset, such as a home. Then look to bundle other forms of insurance for assets that cost less by comparison, such as auto, RV, motorcycle.

“It takes more expertise to properly insure a home than it does to properly insure a car,” she says.

Check whether your insurer will cover all policies

Some insurers partner with other carriers to bundle insurance. “You’re not getting the same insurance company,” McClain says.

That means you may not get the same level of service as you have come to expect from your insurer, she says, such as when the other company has no claims adjusters in your area.

Before you sign up for bundling, McClain advises asking: Are all policies underwritten and serviced by the same company?

Get quotes from multiple insurance companies

Before making a decision to bundle, get individual quotes for insurance coverage from different companies to compare quality and see whether bundling truly adds up to savings.

Know the limits on what you can bundle

In some areas accustomed to weather disasters, such as hurricane-prone Florida, it may not be possible to bundle your homeowners insurance with other types of coverage.

Elsewhere, you can often bundle home and auto insurance with umbrella coverage to provide \$1 million or more in additional coverage. Umbrella insurance can protect assets, such as future income, not under other forms of insurance, and it adds another layer of personal liability coverage should someone get sued, says Ken Downey owner/agent at Suburban Insurance in Wauwatosa, Wisconsin. But check to see whether you need to have all personal liability insurance through one insurer first to add it.

Bundling life insurance is less common. Bach says consumers typically feel most comfortable buying life insurance from a company that specializes in that area.