



Review Your Insurance Deductibles

- How much risk are you willing to take?
- How much risk should you can afford to take?
- How much are you willing to pay to cover different levels of risk?

Insurance provides protection against unforeseen losses. Most people buy insurance to protect against large or catastrophic losses.

For auto and homeowners/renters insurance, a major factor to consider is the level of deductible. "Deductibles" are the amounts you pay before the insurance company starts paying. Choosing a large deductible will bring down your premiums and eliminate the hassle of filing claims for small losses.

Periodically you should review your insurance coverage to make sure you are adequately covered and that you are not paying for insurance you do not need. With your homeowners or renters policy, increasing the deductible from \$250 to \$500 or \$1000 may reduce your premiums by up to 20%. The savings from increasing the deductibles for collision and comprehensive coverage on your auto policy may save you even more. Here is a chart that can help you review your choices. Call your insurance agent and get quotes for coverage with different levels of deductibles.

Insurance Policy	Current deductible	Current premium	Premium with deductible of \$500	Premium with deductible of \$1000
Homeowner's policy	\$	\$	\$	\$
Auto - Collision coverage	\$	\$	\$	\$
Auto - Comprehensive coverage	\$	\$	\$	\$

Choose a deductible level that you can comfortably accept if you have a loss. But as the chart can show, the reduction in premiums from larger deductibles may be meaningful.

Another insurance topic you may want to consider is a personal umbrella liability policy. Most homeowner and auto policies provide some level of liability coverage. Additional liability coverage, which would kick in after your other coverage, may be available very cheaply. For less than \$125 per year, many individuals are able to buy a \$1 million personal umbrella insurance policy. Ask your agent about this type of policy.

Make sure you are properly insured. But do not pay for insurance you do not need.