

MONEYWISE

VALUING PEOPLE. VALUING MONEY.

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THIS MONTH'S TOPIC: PROTECTING YOUR ASSETS WITH INSURANCE

When it comes to paying for auto, health, and home insurance, having adequate coverage is essential. However, you may be unsure what policies you need or how to determine if your coverage is enough. Learning how to protect your assets through insurance is a good step to ensuring you take care of your financial future.

AUTO INSURANCE

According to the Kentucky Transportation Cabinet, the KY Legislature has mandated a crackdown on uninsured motorists across the Commonwealth. The state of Kentucky requires that all drivers are insured under minimum liability coverage, often described as 25/50/25. This means you are insured up to \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident. Additionally, if you are borrowing money to pay for the car, you must make sure that you meet the requirements of both the state and the lender. Typically, lenders require collision and comprehensive coverage, but it will depend on your loan. Be sure to check your requirements. To learn more and make sure you are properly insured, visit <https://drive.ky.gov/Vehicles/Pages/Mandatory-Insurance.aspx>.



HOME INSURANCE

Whether you bought a home or are renting, it is important to have proper insurance coverage. When owning a home, homeowners insurance helps protect the assets inside your home, as well as protecting the property. Typically, lenders require that you have some type of home insurance while you make payments on your mortgage. Common types of homeowners insurance include dwelling, other structures (such as a barn or detached garage), personal property, loss of use, personal liability, and medical payments to others. You may also be required to have hazard or flood insurance depending on where you live. Review your coverage regularly, especially to ensure your policy accounts for inflation and current replacement costs.



WHETHER YOU BOUGHT A HOME OR ARE RENTING, IT IS IMPORTANT TO HAVE PROPER INSURANCE COVERAGE



For renters, insurance can protect your personal property from natural disasters or theft. Kentucky does not require renters insurance, but most property landlords do. Renters insurance works much like homeowners insurance, but it does not protect the value of the residence for the renter. Essentially, it is there to protect the personal property and liability owned by the tenant, which the landlord would not cover if something happened to the property. To learn more about homeowners or renters insurance, visit <https://finred.usalearning.gov/assets/downloads/FINRED-HomeInsurance-FS.pdf>.

HEALTH INSURANCE

With healthcare costs soaring, it is important to understand what type of coverage you need and all associated costs, as well as what your current policy covers (and doesn't cover). When comparing health insurance plans, consider the following:

- The **premium**, or the amount of money you will pay monthly, quarterly, or annually, depending on your policy.

- The **deductible**, or the amount of money you have to pay before your health insurance will cover the expenses.
- The **co-payment**, or the amount you must pay after insurance for prescriptions and appointments.
- The **maximum out-of-pocket cost**, or the total amount you must pay before insurance will cover the remaining expenses.

Regardless of policy, make sure all the above costs fit within your budget, and double-check that the insurance covers the hospitals and doctors' offices near you, and/or your preferred providers. Many employers offer medical benefits that are deducted out of your paycheck. Additionally, Medicaid, Children's Health Insurance Program (CHIP), or Medicare may be an option for those who meet income and/or age-based requirements. For more information on health coverage basics, visit <https://www.cms.gov/marketplace/technical-assistance-resources/training-materials/health-coverage-basics-training.pdf>.

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