



Consumer Alert

Insurance Needs Change as Economy Forces More Young Adults to Move Back in with Parents

Watch Out for the “Boomerang”

Layoffs and a dearth of new job openings continue to add to the high rate of unemployment, leaving an increasing number of new college grads and young adults unable to make ends meet. Left with limited options, many are moving back home with Mom and Dad. A recent Pew Research Center study found that, in the past year, nearly 13 percent of parents with grown children have had at least one of their adult sons or daughters return home to live for financial reasons.

Saddled with college loans and unexpected job loss, these young adults – sometimes called “Boomerangers” - are forced to live at home until they can find a job and get their finances back on track. A grown child moving back home can create insurance implications that must be considered carefully and understood to ensure everyone stays protected.

Review Your Home and Auto Insurance Policies

A move back home provides the perfect opportunity to review existing home and auto insurance coverage for both parents and children to ensure it adequately reflects the new living arrangement. Parents should discuss the situation with their insurance agent or company to determine what level of coverage their family needs.

Home Insurance

As part of the review process, families might find they can save money by combining existing insurance policies. For example, young adults renting before moving back home no longer need renter's insurance; instead, they could potentially be added to the homeowner's policy. However, they need to be sure that their parents' homeowner's policy has a broad enough scope to include them as “insured.”

Young adults might need additional coverage if the move back home forced them to rent a storage locker for their belongings or if they have big-ticket items, like jewelry, expensive electronic equipment or other valuables that may require coverage beyond what their parents' homeowner's policy has currently.

Auto Insurance

Auto insurance coverage is another important consideration. Does the young adult have his or her own car that needs to be added to the parent's policy? Does the young adult need to be added as another driver of an existing family vehicle? The good news is parents can keep any member of the family on their auto insurance policy as long as that person lives in the same house.

Keep in mind that rates may increase whenever you add a driver to your policy, so parents should look for discounts such as those given for multiple vehicles, multiple policies (homeowner's, life, health, disability), anti-theft devices and good driving records.

Adding Your Boomerang to Your Health Insurance

If your child is unemployed or unable to obtain or afford employer-sponsored health insurance, you might be able to add your child to your policy. Under Massachusetts law, a parent's fully-insured health insurance plan can now cover young adult children to either age 26 or 2 years past the last year in which the child could be claimed as an exemption on the parent's federal income tax - whichever comes first. You should reach out to the Division of Insurance to learn more about how Massachusetts laws affect your coverage.

Explore Alternative Options for Health Insurance Coverage

If young adults don't qualify for a parent's policy, other options can be considered to make sure they stay protected.

Alumni Associations

University alumni associations can be a resource for cost-effective insurance plans — health, auto, life — but this might require application within a set period of time after graduation and perhaps membership in the alumni association.

Industry Associations

Many professional groups and associations also provide members access and preferred rates for auto and life insurance. If part of an industry group, check with the organization to see what benefits are available.

Commonwealth Care

The Commonwealth Care Health Insurance Program is offered through the Commonwealth Health Connector (Connector). It is a subsidized insurance program for uninsured individuals with incomes that fall within certain guidelines and who meet other qualifications.

Commonwealth Choice

The Connector makes available young adult health insurance plans designed specifically for 18-26 year-olds. While not subsidized, these plans offer good value for individuals in this age group.

Consumers should reach out to the Commonwealth Health Connector to learn if they might be eligible.

More Information

If you have questions about your insurance coverage, contact the Massachusetts Division of Insurance at 617-521-7794 or visit our website: www.mass.gov/doi .