



Consumer Information

New Parents Need to Get Smart About Insurance

A new baby touches every facet of a family's life - including their finances. Welcoming a newborn baby into the family involves a great deal of preparation. New parents should remember to include a review of your insurance needs in that preparation. The Massachusetts Division of Insurance suggests these steps to help new parents protect their growing family.

Health Insurance

- **Understand Your Coverage Before the Baby Arrives**

Review all of your coverage options and find out exactly how your health care plan handles the costs of a new baby. Remember to consider prenatal vitamins, prenatal and neo-natal screenings and tests, emergency procedures, delivery (C-section and traditional) and pediatric care.

- **Notify Your Insurer of Your New Baby**

Make sure you are aware of the deadline and requirements to register your newborn with your health insurance company. Similarly, if you are adopting a child, consult your employer and health insurance provider for the requirements to obtain health insurance coverage in advance.

- **Evaluate Your Options**

If both parents have employee benefit options, compare the health insurance policies to see which one best fits the needs of your family. Review the co-pay amounts and different options carefully to see exactly what is covered – and what is not – for both parents and children. Most companies will allow you to make enrollment changes when a baby is added to the family. Check with the benefits administrator at your office about your options.

- **Make Use of Tax Advantages**

Ask if your employer offers a flexible spending account or health savings account (HSA). These plans allow you to set aside pre-tax dollars for medical expenses and child care.

Life Insurance

- **Plan the contributions of both spouses**

Consider covering both spouses with life insurance, even if one is not employed outside the home. In the event of the stay-at-home parent's death, the insurance policy can help the surviving spouse with the financial necessities of the household.

- **Account for child care costs**

In determining the amount of life insurance to purchase, take into account your full child care costs (housing, education, child care, medical needs, etc.), especially for children under five years old or for kids with special needs.

- **Keep your policy current**

Remember to update your policy to include your children as beneficiaries. If your children are under the age of 18, name a trustee who would administer the benefit of the policy until they are adults.

- **Understand the types of life insurance**

Understanding your life insurance choices will help you weigh the costs and benefits of whole life versus term life insurance as part of your overall financial plan.

- **Whole life insurance** - Whole life insurance policies build cash value and pay a death benefit, but are more expensive. If you cannot afford whole life insurance right now, but think you may want it in the future, consider term life insurance with a conversion option that will let you change to a whole life policy for a fee when you are ready.
- **Term life insurance** - Term life insurance offers death benefit protection for a specified time period. For example, term life insurance may be appropriate during your child-rearing years or while paying off a mortgage. Term life premiums increase as you age. Term life is typically less expensive in your younger years than permanent life insurance, which covers you for your entire life and typically has level premiums.

Auto Insurance

- **Check rates before upgrading vehicles**

Auto insurance premiums are linked to vehicle age and type, so if you decide to get a larger vehicle to transport your family – such as a minivan or SUV - it could affect your premiums.

- **Plan for carpools**

Consider increasing your liability insurance in case of an accident when transporting other kids.

Home Insurance

- **Notify your insurer of major additions**

Alert your insurance company when making any major home improvements - usually anything over \$5,000. If you wait until a claim to discover that you are underinsured, it could cost you thousands of dollars.

- **Protect the backyard**

Inform your insurance company if you install backyard items for kids, such as a swing set, trampoline or swimming pool. You might consider increasing your liability coverage with an umbrella policy. This will protect you in the event that someone is injured while on your property.

Contact the Division of Insurance

If you have questions about any insurance product, contact the Division of Insurance by calling our consumer hotline – 617-521-7794 – or visit our website at www.mass.gov/doi.

Stop. Call. Confirm.

If you are unsure about the insurance company you are dealing with, **STOP** before signing any paperwork or writing a check; **CALL** your state insurance department - easily reached by phone; and **CONFIRM** the company or agent offering insurance is legitimate and licensed in the state.