Avoiding Common Personal Insurance Gaps

The various policies and coverages that make up your insurance portfolio can potentially ensure you're able to endure accidents, natural disasters and unexpected circumstances that might otherwise incur devastating financial losses. These risks may be particularly prevalent for those who fail to identify and address common coverage gaps.

Common Personal Insurance Gaps

Consider the following common personal insurance coverage gaps:

Home insurance—Also known as homeowners insurance, this type of policy can be rife with coverage gaps if you're not careful and do not work with a qualified professional. Be particularly mindful of possible gaps, such as natural disaster exclusions (e.g., floods and earthquakes) and neglecting scheduled property coverage.

Auto insurance—These policies may also be referred to as car insurance and are often legally required. Still, while one of the most commonly purchased types of insurance, auto coverage is easily misunderstood, necessitating awareness of possible errors, such as fulfilling only minimum requirements.

Life insurance—The right life insurance policy can provide financial stability and peace of mind for you and your loved ones. However, insufficient or outdated coverage could have dire ramifications, exacerbating the already difficult circumstances of a grieving family. Avoid this hardship by considering potential shortcomings in your insurance, such as relying on employers' group coverage or insufficient policy limits.

Personal umbrella insurance—This type of insurance may not be as well known as others, but for many people, it can be just as important. An umbrella insurance policy casts an additional layer of financial protection over various liabilities that might exceed the coverage limits in other policies, such as auto and homeowners insurance.

5 Steps to Avoid Coverage Gaps

Now that you have a better understanding of common coverage gaps and the potential consequences of being underinsured, you can take steps to shore up your insurance portfolio. Consider the following steps:

1. **Assess liability risks.** Certain policyholders may need to manage greater liability risk levels. For example, if you have children or pets, you may want to retain more coverage in your home insurance policy. Similarly, additional financial security may be advisable if you have a teen driver listed on your policy.

2. **Understand endorsements and options.** Familiarize yourself with all of the features and enhancements that might be available. While a standard home insurance policy may be sufficient most of the time, specific exclusions, such as for floods and hurricanes, could mean the difference between weathering a financial storm alone or being buoyed by financial aid.

3. **Enlist assistance.** The knowledge and experience of a qualified insurance professional can be invaluable as you seek to purchase or reassess the components of your personal lines coverage.

4. **Consider recent life events.** When your circumstances change, you should revisit your insurance policies. Getting married, having a child, buying a home or car, or moving should all trigger this process, as failing to do so could lead to you being underinsured relative to your new circumstances.

5. **Appraise your belongings.** Save receipts and document the condition of your possessions, and consider enlisting the assistance of professionals to appraise certain items, such as fine art and jewelry.

Contact Us

We're committed to making sure that you and your family are adequately insured. Contact us today to learn more about personal lines coverage options and to ensure you've identified and remedied any coverage gaps.

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