

Insurance and the divorcing couple

According to various studies on American divorce rates, more than 40 percent of marriages end in divorce or annulments. If you and your spouse are going through a similar circumstance, we would like to share with you some commonly asked questions that will assist you in dealing with your homeowners and auto insurance policies.

My spouse has left the household and we are getting a divorce. What happens to the coverage on our homeowners and auto policies?

Auto

If someone moves out, the coverages will not remain the same. If the auto policy, there will be a change in information, a change in driver information, a change in driver information different to/from work mileage, and other changes. If you have a policy, you need to be aware of the person moving out. To be sure that there is no issue in the policy, you need to be aware of the person moving out. If you have a policy, you need to be aware of the person moving out. If you have a policy, you need to be aware of the person moving out.

Homeowners

It is in the best interest of the person moving out to obtain their own homeowners or renters policy. This way proper liability and personal property coverage will be

afforded to them. If they do not get their own coverage, they would not have liability coverage or any coverage for their belongings. The policy states: "In this policy, 'you' and 'your' refer to the 'named insured' in the Declarations and the 'named insured' of the same household."

When someone moves out, they may not remain a "you" in the policy.

What happens to the current policies?

If a spouse remains in the household, the policy can be maintained; however, it must be changed to reflect the removal of the other individual and their vehicle. Also, some companies require the person moving a vehicle to be on the title. If all vehicles are all titled in one name, the title must be changed to reflect the owner who will maintain possession of that vehicle. A co-owner not living in the same household also would need to be listed as an additional insured.

Homeowners

The homeowners policy for the spouse remaining in the home can be maintained. However, for the relocating individual, who has moved out and is still on the deed, they will need to be named as an additional insured.

What about coverage for our children?

If children are drivers with their own vehicles involved, it is important to identify where they will live, where the cars will be insured and whose policy will they be listed on. This should be the same for all children who were residence of the household at the time of the parents' split; otherwise problems will arise in the ratings (premiums) and possible coverage with the policies. What happens if son or daughter lives with mom, but their cars are on dad's policy? Dad may not be too happy when it's his policy that has to pay out. It's not good for mom if dad has minimal limits or, even worse, lets the auto insurance policy lapse.

Homeowners

It is important to identify the permanent or legal address for the children. Items of any value that were scheduled will have to be scheduled again, but on the appropriate insurance policy that reflects the children's legal address.

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Does it matter which spouse requests the changes?

It would be great if the separating couples can do this amiably, but that is not always the case. However, it must be noted that just because one moves out it does not mean that the other can just go ahead and remove them or change the policy—you can't. What if the remaining spouse was never listed as a named insured on the auto policy, they will not be able to make any changes since they are not considered the "named insured".

It is different for a homeowners policy. A spouse, who was not listed on the policy, still has the right to cancel the policy. The policy defines a resident spouse as a "named insured," thereby allowing them the authority to make changes, amend or cancel the policy.

Will the policy premiums be affected?

Auto

Expect your insurance premiums to increase. Many companies give discounts to married couples, and when you get divorced you will lose that discount. Also, if you have separated out the cars during the divorce, you also can lose a multi-car discount and/or multi-policy discount, resulting in the additional savings off your premium.

Homeowners

There should be no change in your homeowners premium. The insurance company said how many spouses are not, but both spouses are responsible for a portion of the discount. If you are moving on home ownership during a divorce, you may lose your scores. Financial situation of both spouses could be affected. If the policy is not in your name, it MAY be canceled. However, it should not have any impact on the policy already in place, only if you are moving to a new home, you may need a new homeowners policy.

Are other policies affected by the divorce?

Yes, if you are a previous spouse, you should review an umbrella policy and all other policies and update it to reflect the current situation. Also, if there are any scheduled (floater) policies that are attached to the homeowners policy, they should be reviewed. A scheduled policy where typically high-value items, such as art, antiques, jewelry, etc., are insured separately. If there is a division of property when the couple divorces, you will want to ensure that those items are accounted for and insured properly with the appropriate spousal policy.

Divorce can put a lot of pressure on people and you could possibly overlook important details. Don't let your insurance protection suffer. Be sure to contact our agency to discuss your insurance coverages.

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