

Insurance:

By Lisa Brown

The name of the game is protection.

The object is to select the best insurance for your needs.

The rules are:

Rule One: Determine whether you have any insurance needs by carefully considering your needs and responsibilities to others. If you are a broke college student you may not want to start a life insurance plan now if no one depends on you for an income. But you may need to increase your auto insurance.

Rule Two: Check with parents and employers to make sure you are not already covered by another policy. Students under age 23 who are dependents of their parents are often covered by parents' health or homeowners insurance.

Rule Three: Study your needs and decide specifically what you want in your policy and stick with it when shopping. Students can find out more about different types of insurance and what best serves their situations from several sources.

Start by consulting *Shopper's Guide to Insurance* by Herbert Denenberg, published in 1974 by Public Consum-

know your needs, shop carefully

er News. Denenberg, the Ralph Nader of the insurance business, provides comparative information about companies and kinds of insurance.

Another source is the **State Insurance Department**, 301 Centennial Mall South. It gives information on how to shop for insurance, what to avoid and about which companies are financially solid and meeting state regulations. The department regulates insurance companies and complaints about them.

You might also talk to **Dave Rasmussen**, attorney in the UNL Student Legal Services Center. He can tell about complaints he has received and what students should avoid in insurance shopping.

Rule Four: Shop with as many companies as possible. **George Rejda**, UNL economics professor, said the most important things to do are to shop carefully, compare, and buy what will meet the student's specific needs at the best price.

Likewise, Rejda and **Pat Strong**, UNL finance instructor, recommend selecting a responsible agent with an old, well-established company. An agent who is a Chartered Life Underwriter (CLU) must pass a series of 10 national tests and should be knowledgeable about insurance.

To find out about a company's background you can check with *Best's Insurance Reports*. It gives information about companies' service and quality, Strong said.

You better shop around

Also, when shopping, it is important to compare similar policies for benefits and costs among several companies.

The "interest adjusted method" helps compare life insurance policies. You can study the method and get specific figures from reference books or from agents.

Students buying auto, renters or health insurance should consider a company with national branch offices so they can get fast service while traveling or after graduation, Rejda said.

Some do's

If you are not covered by a health or disability income insurance plan with parents or employer, health coverage should be a major medical policy covering large expenses

How to pick your policy

resulting from a serious illness or accident, rather than a more expensive policy covering expenses like check-ups or shots.

Several professors and insurance agents said students interested in health insurance should consider the **Student Accident and Sickness Insurance Plan** offered through Mutual of Omaha. You can get a pamphlet explaining it at the Health Center.

Know the risks

"A major glaring deficiency in student insurance plans is that many students who are working have assumed the financial risk of becoming disabled, without realizing there is a risk, Rejda said.

A disabled student loses his income and has to pay for medical expenses and personal care, he said. And the chance of long term disability is three times that of premature death in the under 30 age group.

Disability income insurance usually provides a percentage of the insured's weekly salary while disabled, according to the terms of the policy.

To protect your property, whether it is a collection of Superman comic books or a library of classics, consider a renters policy including liability coverage.

A student without liability coverage can be sued or made to pay medical bills resulting from injuries to guests in his home.

Attorney Rasmussen regularly receives such complaints.

many don't realize disability risk

Guard those wheels

Although **auto insurance** is usually the first insurance students buy, too many times they underinsure themselves, Rejda said. The State of Nebraska requires proof of financial responsibility for damage from an accident.

State law requires that no Nebraska insurance agency sell auto liability coverage for less than \$15,000 for body injury to any one person, \$30,000 for all bodily injuries, and \$10,000 for all property damage.

Rejda suggested students buy more liability insurance and suggested a basic coverage of \$100,000 per person, \$300,000 per occurrence, and \$25,000 for property damage.

If you are driving an old clunker it would be cheaper to assume the risk of damage to it rather than insuring it with collision or comprehensive insurance.

For your new Porsche, though, Rejda suggested buying collision or comprehensive insurance with a deductible of at least \$100 or more because the \$50 deductible is generally more expensive than it is worth.

Guard it with your life

Life insurance is probably the last insurance most students buy.

There are two types. **Term insurance** covers the person for a specified period of time, and has no cash value. **Whole life or permanent insurance** lasts all your life and builds a cash value that is similar to a savings account, Strong said.

Term insurance is cheap and can be bought with an option to convert it to whole life at times specified in the policy. Rejda recommended that some students buy term insurance to have that option later when needs are different.

Tom Brady, Northwestern Mutual Life, suggested students buying term with the conversion option in mind should carefully study the permanent policy.

Strong suggested students who can afford it might consider buying life insurance now to guarantee their insurability or to use as a savings plan if they have trouble saving.

Jim Wagner, Massachusetts Mutual Life, said guaranteeing a student's insurability might be even more important than actual coverage. Guaranteed insurability provides that you can still buy more insurance if your health fails or you have a hazardous job.

Some agents and professors agreed students should **avoid bank financed life insurance**. Bank financed life

life insurance often comes last

insurance means you sign a note for the first year's premium, often with a loan company associated with the insurance company. If you let the policy lapse, you are still liable for the note.

Rejda also said to **avoid endowment policies** because they are more expensive and it is hard to get returns; **hospital indemnity policies** as often advertised in the Sunday newspaper supplements, because they are not a good buy for the money; and **mail order insurance**, because it is often from new companies that might have trouble paying off claims.

Fidelity Union speaks out

By E. K. Casaccio

"We know there are strong reasons for beginning a life insurance program at an early age. We've built virtually our entire business around this one idea, and over the years we've met with remarkable success.

"Why? Because a lot of college seniors agree with us."

—Fidelity Union Life Insurance pamphlet

Nationally based in Dallas, Fidelity Union has more than 300,000 policyholders. 90 per cent start programs while college seniors. The average age of Fidelity Union's policyholders is 26. Its agents are also young; average age is 28.

Fidelity Union has offices in Omaha, Lincoln and Kearney. C.G. "Chuck" Severin and Associates represent the company in Lincoln.

Severin, manager of the agency for six years, employs six agents who deal primarily with college students.

"We seriously try to look out for our clients. We work a great deal with college students. If we don't do it right we won't be here," Severin said.

College graduates and students within 12 months of graduation qualify for Fidelity Union's CollegeMaster plan.

CollegeMaster is a whole-life insurance policy, a type of policy that can be cashed in at age 65 with a return of all money paid in plus interest, Severin said.

The CollegeMaster policy permits payment of the first year premium by promissory note, an interest-bearing loan. The student can pay \$10 the first year and give the