



Graduate's Guide to Insurance

By Sue Ellens

Graduation is an exciting time in life and can carry with it great expectations for the future. Graduation can also carry new responsibilities and risks – particularly financial risks. Insurance is a major protection against financial risks, and knowledge about basic insurance facts can make the graduate a better consumer.

There are five basic types of insurance that should be considered after graduation to see if they apply to each graduate's situation.

Auto Insurance – If the graduate owns or leases a car, or is planning to in the near future, auto insurance will protect that investment. This coverage helps defray the expense of accidents, vandalism or theft. Also, if the vehicle is financed, the lending institution will require auto insurance. Auto insurance also protects the owner's liability exposure. If the owner is sued because of damage their vehicle caused, auto insurance will help with legal expenses and any damages that have to be paid.

Health Insurance – Coping with today's high medical costs can be overwhelming. Employer-based health insurance is the main source of insurance for most Americans. However many graduates have not found fulltime employment or have opted to continue their education so cannot be included on employer-based health plans. For those graduates, recent health care reform allows adult children to retain coverage under their parents' health insurance policy until age 26. Some restrictions do apply, so be sure to inquire with the specific insurance carrier. Graduates can also purchase individual health insurance coverage. Individual policies can vary widely in cost depending on the scope of coverage.

Homeowners or Renters Insurance – Both homeowners and renters insurance provides coverage for one's possessions at home and when traveling. They also offer liability protection in case of a lawsuit.

Life Insurance – There are two reasons for graduates to consider purchasing life insurance at a young age. First, if the graduate has dependents, life insurance will help provide for the dependent's needs should the insured die. And, if a policy is started at a young age, the premiums will stay steady even as medical issues may develop later in life. Second, life insurance policy premiums can accrue a cash value over time which can be used for future investments such as a down-payment on a home, starting a business venture, or funding a child's education.

Disability Insurance – This coverage is designed to provide necessary income should the insured be injured or disabled. The extent of coverage should be enough to live on when combined with other assets. Disability insurance is most often provided by an employer, but it can be purchased independently as either a short-term policy or long-term policy.

If you have any questions or would like any additional information on the insurance policies available through Thum Insurance Agency, please call 800-866-0777. Office hours are 8:00 am to 6:00 pm Eastern Time, Monday through Friday.

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