

Students learn about insurance needs

by *The-Bismark-Tribune*

In a class of a dozen students at Century High School nearly every student has a car.

By a show of hands, two pay for their own car insurance. A handful have credit cards or bank accounts. Some have collected a traffic ticket or two.

Each of these actions is affecting the students' auto insurance premiums, as insurance commissioner Jim Poolman explained to Karri Landeis' English class and four other Century classes Monday. His presentations are part of the insurance department's efforts to educate people about insurance.

A low credit score caused by credit card debt or bounced checks could increase a person's insurance rate. Tickets for moving violations, like speeding, also can raise rates. A higher credit score gives a person a more favorable rate.

"No credit score is not a reason for them to increase your rate," Poolman told the class.

A person can have no credit score if they have not done things to establish a credit history, like taking out credit cards, or always paying for big ticket items with cash instead of financing. Insurance providers were charging people without a credit score at the same rate as people who were considered high risk, such as the low credit score group. North Dakota has a law to prevent this, Poolman said.

A young adult covered by their parents' auto insurance policy will pay less than if the person lived on their own, he said. This is because premiums are based on risk. Generally, teens can stay on their parents' policy if they live at home or they are at college, and get a better rate.

It's the same with health insurance. Many group health plans allow children to stay on their parents' health plan while they are in college or until a certain age. But a fifth of young adults, if left to choose, would opt not to get health insurance if they had to pay for it, Poolman said.

"The largest group of uninsured people are young singles," Poolman said. "Medical debt is the major cause of bankruptcy."

While young adults might not have a regular need for health services, going without health insurance does not provide coverage for emergencies, which could put a person into debt. A lower-cost option for healthy young adults is to buy a plan that provides catastrophic coverage.

Poolman also explained why they should consider renters insurance and understand life insurance for future life needs. Renters Insurance covers a person's belongings when they live somewhere they do not own. The property owner is not liable if a renter's belongings are damaged or stolen, Poolman said. Life Insurance is more of a concern as people begin to get married and start families, he said.

The insurance department is working to educate people about different insurance needs for four life stages: young adult, young families, established families and empty nesters.

It is part of a national insurance awareness campaign, Insure U, put together by the National Association of Insurance Commissioners. Interactive tools are available on-line, and more information is available from the insurance department. For more information, call Cecily Fong at the insurance department at 328-2440.

By SARA KINCAID/Bismarck Tribune

(Reach reporter Sara Kincaid at 250-8251 or sara.kincaid@bismarcktribune.com.)

Copyright © 2006 Bismarck Tribune, a division of Lee Enterprises.

Students learn about insurance needs by The-Bismark-Tribune