

Do not forget about insurance during a divorce

Written by Australian Business

September 27, 2013 /**24-7PressRelease**/ -- An issue that couples often overlook in divorce is insurance. Forgetting to change a beneficiary designation on a life insurance policy could mean an ex-spouse inherits the policy rather than a current spouse. Researching vehicle and homeowners insurance policies, as well as health insurance options are also necessary to avoid gaps in coverage.

[Divorce planning](#) requires setting out a budget of anticipated monthly costs. This can assist in any negotiations related to child support and spousal maintenance. It may also help with deciding whether it is possible to keep the home or focus on liquid assets to help meet monthly expenses.

Life insurance

Permanent life insurance is often a part of an investment strategy. Because it builds value over the years, it may be considered marital property and the equity divided. With term life insurance, it is important to review your beneficiary designation. It may also be a time to decide whether you still need the policy.

There may be an additional cost associated with purchasing a new life insurance policy as part of a child support or spousal maintenance award. Usually, your former spouse will be the named beneficiary especially for a young child.

Auto and home insurance

Generally, while a divorce is pending auto and home insurance remain the same. Separating policies is often more expensive. However, it is important to have your own auto policy before finalizing the divorce to avoid a coverage gap.

If selling a home or rental property as part of a property settlement, spell out clearly who will pay for the insurance while waiting to sell the property. A gap in insurance is often when storm damage occurs, which can result in costly repairs.

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Health insurance

Divorce is a qualifying event and allows you to change benefits without waiting for open enrollment. Investigate your employer's health insurance options.

If your employer does not offer benefits or you do not work, COBRA allows you to receive health coverage through your former spouses plan for up to 36 months. You pay the premium, but often the group rate negotiated by the employer is lower than what you could obtain individually.

Researching insurance options will provide a better picture of future monthly costs. Losing a multi-vehicle rate may increase auto insurance premiums, but dropping a policy you no longer need may reduce costs. Calculating these costs can affect decisions related to [property division](#).

Going through a divorce can feel like taking on a second job with all the research and planning needed to divide one household into two. Forgetting about insurance can be costly. When considering a divorce, consult a family law attorney to discuss your circumstances and put together a plan.

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