

Insurance Guidance for Seniors

Crystal-clear information available

Many seniors are bombarded by insurance information and offers that they find difficult to understand or evaluate. Among those areas of greatest confusion and concern are Medicare supplement policies, nursing home insurance, life insurance, annuities, and special-need policies.

If you want a crystal-clear guide to these and other insurances for seniors, look no further than the April 1997 issue of *The Insurance Forum*. This special senior issue provided exceptionally clear explanations along with some valuable consumer insights and tips. Topics covered included Medicare, Medicare supplement insurance, health maintenance organizations, nursing home insurance, automobile insurance, life insurance, annuities, pensions, and policies to avoid. In addition, ratings were given for more than 200 companies.

Good choices make good insurance

While seniors spend a great deal on insurance, they frequently do so without the benefit of objective information or advice. Few understand what is and is not covered by Medicare, and this is essential to assessing one's risks. Medicare supplement policies cover Medicare gaps, but there are ten versions to select from. The guide clearly describes these versions and notes that focusing on three of them (Plans A, F, and J) can make the selection process much easier.

Nursing home insurance presents the foremost dilemma for many seniors. Should they buy it or shouldn't they? The guide makes it clear that this type of insurance is still problematic. The rich do not need it. The poor cannot afford it. And those in the middle must decide whether to tie up a sizable portion of their incomes on policies that offer some but far from enough protection.

Life insurance presents another area of choice that few seniors understand sufficiently. As with many insurances, the question may not be whether the insurance is good or not, but whether the need can and should be handled in another fashion. Given the range of risks associated with advancing years, reserves that can serve multiple purposes may be of greater benefit than single-focused insurances.



The guide discusses various options regarding what to do about life insurance.

The subject of retirement annuities is confusing to many. There are many varieties, but the essential characteristic is that payments usually are made from a contract bought from an insurance company. Annuities offer seniors a way of ensuring lifetime income for themselves and their spouses. The benefit amounts

differ significantly from company to company. The guide cautions consumers to deal with financially strong companies and to be wary of sales illustrations that look too good to be true.

Insurance is not always the answer

With the growing risks and anxieties of aging, seniors are a prime sales target for special need insurances. These insurances tend to perform poorly and waste valuable insurance dollars. The guide discusses three types to avoid: hospital indemnity policies, dread disease policies, and funeral insurance policies.

Seniors, as well as other consumers, need to remember that insurance makes sense only to the extent that it offers significant financial benefits for reasonable costs within terms that are not unduly restrictive or limiting. With some policies, it is the insured rather than the insurer who is taking the greater risk. Is the insured event likely to occur? Will the conditions for the payment of benefits be met? Will the benefits paid be meaningful in proportion to the actual costs? Will the insurance company be able and willing to pay the benefits promised?

Seniors who want objective information and guidance regarding insurances have a difficult task. Neither are easy to find. But *The Insurance Forum* is one source that I would recommend, especially for consumers who are serious about managing their insurance dollars wisely. To order individual reprints or a subscription, write to Insurance Forum, Inc., PO Box 245, Ellettsville, Indiana, 45429-0245 or call (812) 876-6502.

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