

Consider Your Insurance Options When Changing Jobs

Before you jump at that great pay increase, be sure the math makes sense

As the economy shifts, many Americans are voluntarily leaving jobs to improve their overall financial situation. But, according to a 2014 survey by the National Association of Insurance Commissioners, also known as the NAIC, new hires who focus on salary alone actually may find themselves in worse financial shape after a move.

According to the survey, 40 percent of voluntary job switchers cited “improve my financial situation” as a key influence on their decision to quit.¹ Issues occurred when respondents took a too-narrow view of what impacts that situation. The survey reports that while 73 percent of job switchers spent some or significant time thinking about salary, only 41 percent spent as much time considering insurance benefits, and less than 30 percent thought as much about out-of-pocket costs or insurance coverage effective dates before making the switch. All too often, people only think about salary when considering a new job.

According to the Bureau of Labor Statistics, insurance benefits can average nearly 10 percent of total compensation.² As some NAIC survey respondents learned, ignoring this key component of the financial picture can be costly. Nearly 25 percent of job switchers surveyed said after accepting a new job, insurance-related changes either “slightly or greatly worsened” their overall financial situation. DISB urges residents to consider all the financial implications of a job change, including insurance because total compensation is more complex than salary alone. To help residents avoid surprises, DISB encourages you to consider the following:

Questions to consider include:

- Beyond salary, what are some other financial implications of making this job change?
- What options do I have to cover medical expenses while I am between jobs?
- If something catastrophic happens to me between jobs, is my family protected?
- Have I thought about all of the financial implications of a job change that requires me to make a long-distance move?
- All things considered, could this be a good time to start my own business?

Some steps to take before saying good-bye to a current employer include:

- See if your current group life insurance plan has a conversion privilege. If so, you may have up to 31 days after leaving your job to apply for coverage.
- If your job change includes a move, check your homeowners' policy to make sure personal possessions are covered in-transit. If not, consider a floater policy.
- Before accepting a new job, compare your current health plan with the new plan offered to assure the available mix of deductibles, co-pays and coinsurance will cost-effectively meet your needs.
- Find out if your new employer has a mandatory waiting period before health insurance coverage takes effect. If so, check to see if your current plan has a continuation of health coverage or consider a short-term plan to cover the gap.
- Conduct a line-by-line comparison of your current health plan with plans offered by your new employer to determine the right blend of deductibles, co-pays and coinsurance for your needs.
- If you have children and your health insurance coverage is at risk of lapsing, look into government-sponsored programs, such as [DC Healthy Families](http://dhcf.dc.gov/service/dc-healthy-families) ([http://dhcf.dc.gov/service/dc-healthy-families.](http://dhcf.dc.gov/service/dc-healthy-families)) These plans may provide coverage at low or no cost to you.
- If you have group disability coverage, find out if you can convert coverage into a portable individual disability plan that stays with you from job to job.
- Insurance rates and coverage vary greatly from state to state. Before a move across state lines, contact your insurer, insurance agent or DISB in the new state so you know what to expect.
- Think you're ready to be your own boss? As most standard homeowners insurance policies don't cover home-based business losses, consider purchasing additional coverage, such as professional liability insurance and insurance for business property.
- If your business plan includes health insurance for employees, find out if you qualify for an employer health care tax credit. The smaller the business, the greater the credit.
- If you plan to use your personal car to make business deliveries or visit clients, look into business auto coverage. If you're involved in an accident while conducting these tasks, most personal auto policies won't cover the losses.

To help residents avoid surprises, DISB encourages consumers to access the NAIC's [Get Ready resources kit here](#) or at http://www.insureuonline.org/insureu_getready_jobchange.htm for more resources.

Sources

1. *ResearchNow* consumer panel; 251 consumers age 18+ who have left a job voluntarily in the past five years. Study commissioned by NAIC. February 2014
2. "Quits levels and rates by industry and region, seasonally adjusted." Bureau of Labor Statistics; April 8, 2014. <http://www.bls.gov/news.release/jolts.t04.htm>

About DISB

The mission of the D.C. Department of Insurance, Securities and Banking, also known as DISB, is two-fold: (1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and (2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia. Visit us online at disb.dc.gov. This information is courtesy of the National Association of Insurance Commissioners (www.naic.org).