

Member Quick Links:

[AAJ Exchange](#) [AAJ PAC](#)
[Sections](#) [Education](#)
[List Servers](#) [Publications](#)

Welcome Back
Jonathan Marc
Feigenbaum
[My AAJ](#) | [Logout](#)

 Cart

TEXT SIZE



[Home](#) > [Professional Resources](#) > [Sections](#) > [Insurance Law](#) > [Insurance Law Newsletters](#) > [Insurance Law Newsletter Winter 2012](#) > Just When You Thought It Was Safe to Go Outside

Newsletter | Vol. 17, No. 2, Winter 2012

In This Issue...

Letter from the Chair

Brother, Do You Have \$67.5 Billion to Spare?

Just When You Thought It Was Safe to Go Outside

Bench Press

Spoilation of Evidence and Other Resources from the AAJ Exchange

Make Your Plans Now for Chicago

Just When You Thought It Was Safe to Go Outside

By Jonathan M. Feigenbaum, Boston, MA

While trending recent events on the Internet, I came across an Investopedia article that reminded me, once again, about how valuable a service we insurance law practitioners provide to our clients. This particular piece, dated October 24, 2011, was written by Ms. Lisa Smith who likely had best intentions in heart when she wrote “15 Insurance Policies You Don’t Need.”¹ Some comments I agree with and some observations I have reservations about, but for better or worse, these are the types of insurance policies that our clients, according to Ms. Smith, should never have purchased.

Private Mortgage Insurance

According to Ms. Smith, the “borrower pays for this policy but derives no benefit.” This is arguably true, but unless you have 20 percent equity to put down on a home, you will not get the loan. Better said than done, as far as I’m concerned.

Extended Warranties

Per Ms. Smith, “[i]f you spend \$5,000 on a giant, flat screen television, the policy is still unlikely to pay off, but might make you feel better. For everything else, forget it.” It is true that the price of the item purchased does drive the ultimate value of the extended warranty (which many states, like California, do not even consider to be insurance contracts as opposed to merely service agreements). The real issue is in the scope of “coverage” and ease of claim redemption.

Automobile Collision

“If you car is paid off,” says Ms. Smith, “collision [coverage] is optional; therefore you may have enough money in the bank to cover the cost of a new car.” Not sure what school of economics she attended, but it was not Wharton.

Rental Car Insurance

Ms. Smith advises against having rental car insurance included as a component in your underlying automobile insurance package because “most people rarely rent a car, and when they do, the cost is relatively low and hardly worth insuring against.” I tend to agree with Ms. Smith on this one.

Rental Car Damage Insurance

Ms. Smith advises for paying “a small fee for insurance on your rental... [i]f this fee is less than what you’d pay for a year [on] your... policy.” I’m not quite sure how one goes about calculating that financial matrix on the fly. I guess it depends on how much business travel via rental car you conduct, which is apparently non-existent for Ms. Smith.

Flight Insurance

“Flight insurance coverage is completely unnecessary.” As a basic premise, I agree. However, depending on the circumstances, i.e., the age and health condition of the traveler, travel insurance can be potentially invaluable, but actual coverage often proves illusory.

Water Line Coverage

Insurance to cover the cost of replacing your water line from the street meter to your house? I thought that was what homeowner’s insurance was for.

Life Insurance for Children

Jonathan M. Feigenbaum,
Jonathan M. Feigenbaum, Esq.,
184 High St., Suite 503, Boston,
MA 02110; T: 617-357-9700;
jonathan@erisaattorneys.com;
www.erisaattorneys.com. Mr.
Feigenbaum is the Immediate
Past Chair of the AAJ Insurance
Law Section.

[Newsletter Archive »](#)

ADVERTISEMENT

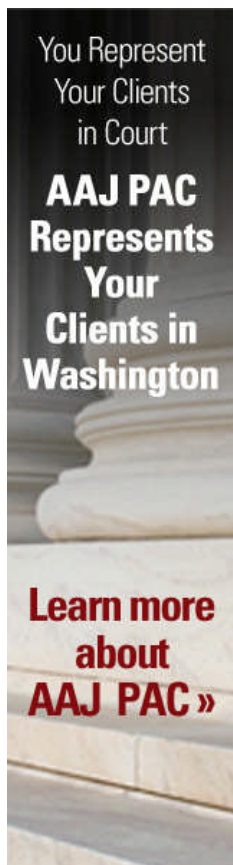


Medicare Set-Aside
ATTORNEYS

About CMCN, LLC
A Medicare Set-Aside Attorney Firm

Comprehensive Medical
Case Management, LLC
A Medicare Set-Aside Attorney Firm

ADVERTISEMENT



"[U]se the money that you would have spent on life insurance to fund an education plan or an [IRA]," say Ms. Smith because, "most kids will grow up safe and health." Enough said about the wisdom behind this issue.

Flood Insurance

"Unless you live in a flood plain...do not even bother buying flood insurance." Ever been to New Orleans Ms. Smith?

Credit Card Insurance

It truly is unnecessary, but if enough people did not (perhaps unwittingly) purchase this form of insurance, then how else would the bankers get to fund their year-end bonuses?

Credit Card Loss Insurance

See Response above.

Mortgage Life Insurance

Ms. Smith recommends bypassing this and getting a "term-life policy instead." Well spoken.

Unemployment Insurance

This reminds me of the Aflac commercial with Yogi Berra saying that, "if you're hurt and can't work, it won't hurt to miss work. And they pay you cash, which is just as good as money." Where is Gilbert Gottfried now? Honestly, I long ago thought this form of coverage was pretty much state-sanctioned and standard-form; at least it has been in California, Rhode Island, and a few other states. This type of insurance may also make sense for folks that live in a state that does not have mandatory short term disability coverage.

Disease Insurance

As correctly noted by Ms. Smith, policies providing limited coverage for specific diseases are a poor substitute for a good medical coverage plan. I thought that was the point of the new federal healthcare law.

Accidental-Death Insurance

Ms. Smith opines that "[a]ccidental death policies are often fraught with stipulations that make them difficult to collect on," a point that we agree on (although lawyers usually call them policy terms and conditions).

To view footnotes for this article, [click here](#)

[Newsletter Home »](#)

The American Association for Justice
777 6th Street, NW, Ste 200 • Washington, DC 20001 • 800.424.2725 or 202.965.3500
[Home](#) | [Contact Us](#) | [Help](#) | [AAJ Sitemap](#)
[Advertising Opportunities](#) | [Careers](#) | [Privacy Policy](#) | [Reprints & Permissions](#) | [Site Feedback](#)

© 2012 AAJ