



Kansas Insurance Department

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Commissioner's Corner

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By Sandy Praeger

'Boomerangers' and parents face new insurance realities

Insurance needs change as economy forces more young adults to move back in with parents

TOPEKA, Kan. — Layoffs and a lack of new job openings have added to a higher rate of unemployment in the United States, leaving an increasing number of new college grads and young adults unable to make ends meet.

Left with limited options, many young people are moving back home — an increasing trend that creates important insurance consequences for these so-called “Boomerangers” and their parents to consider.

In this economic environment, many young adults and their parents are finding themselves in a position they never expected. A grown child moving back home can create insurance implications that should be considered carefully and understood well, so everyone stays protected.

A recent Pew Research Center national study found that, in the past year, nearly 13 percent of parents with grown children have had at least one of their adult sons or daughters return home to live because of financial reasons. Saddled with college loans and unexpected job loss, these young adults are forced to live at home until they can find a job and get their finances back on track.

For families who find themselves part of this new phenomenon, I suggest the following ideas.

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Concerning property insurance, the Boomeranger could keep his or her renter's insurance in force if personal property is to be located at the parents' home. But, it would probably be a good idea for the young person to see if he or she can be an additional insured under the parents' homeowners policy. Additionally, young adults might need additional coverage if the move back home forced them to rent a storage locker for their belongings or if they have big-ticket items like electronic equipment that may require coverage beyond what their parents' homeowners policy has currently.

With motor vehicle insurance, if the vehicle is titled and registered in the name of the young person only, then he or she could be named and rated under the parents' family motor vehicle insurance contract as an additional insured/occasional operator. But the good news is parents can keep any member of the family on their auto insurance policy as long as that person lives in the same house. Rates might increase, however, so parents should look for discounts possibilities (multiple vehicles, multiple policies, anti-theft devices and good driving records, to name a few).

With health insurance, the federal health reform legislation passed earlier this year could make a difference if the Boomeranger is under age 26 and has lost or doesn't have health insurance. However, the law's provisions which allow young adults under 26 to be on their parents' health insurance policy are not set to go into effect until Sept. 23, 2010. Plans that offer dependent coverage must offer coverage to the Boomeranger under 26, even if the young adult is not longer dependent on a parents' tax return or is no longer a student.

The new policy providing access for Boomerangers applies to both married and unmarried children, although their own spouses and children do not qualify.

The good news is that many insurance companies have already decided to cover the under 26 adults on parents' existing policies right now. Check with your company or local insurance agent to see which ones are already offering the provision.

Companies which offer health plans are to inform the young adults of continued eligibility for coverage as well. If early coverage is not an option, then under-26 Boomerangers will qualify for an open enrollment period to join their parents' family plan on or after Sept. 23.

If young adults don't qualify for a parent's policy, another option is state insurance pools. In Kansas, the Kansas Health Insurance Association insurance pool guarantees coverage to people who have been rejected by private insurers.

In addition, a new federal high risk insurance pool, for persons with health problems who have been uninsured for at least six months, will be offered through the new legislation. Details are being developed for this, and we will have more information in the coming weeks.

Moving back home for young adults can be an emotional, unsure time. But taking care of your insurance needs can take some of the strain off both child and parent.

For more information about auto, home, life and health insurance options, as well as tips for choosing the coverage that is right for you, visit online at www.InsureUonline.org or www.ksinsurance.org, or call the Kansas Insurance Department's Consumer Assistance Hotline, (in state) 800-432-2484.

The Kansas Insurance Department, an entirely self-funded agency, was established in 1871. The department assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org.