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### **FOR IMMEDIATE RELEASE**

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Jackson, Mississippi  
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## **Credit Insurance Not Always Best for Holiday Shoppers**

Jackson – For many Americans, the holiday shopping season officially begins on "Black Friday," the day after Thanksgiving. At a time when many consumers are worried about paying for even their most basic needs, it's tempting to use credit to buy holiday presents. Many credit card companies know that, and are using the season to offer credit insurance for your account.

Credit insurance is insurance that is sold in conjunction with a credit obligation or loan. If you lose your job or become unable to work due to some type of disability -- and these events prevent you from making the necessary loan payments -- credit insurance protects the lender from your inability to repay the loan by making payments to the lender on your behalf.

"With today's volatile economy, smart management of your credit is a vital step in your financial survival," Commissioner of Insurance Mike Chaney said.

The Mississippi Insurance Department (MID) offers this advice to help you make a decision about your needs before purchasing credit insurance.

Before deciding to buy credit insurance from a lender, think about your needs, your options and the rates you are able to pay. Consider these questions before signing the application:

- \* How much is the premium?
- \* Will the premium be financed as part of the loan? If so, will it increase your loan amount and cause you to pay additional interest?
- \* Can you pay the premium monthly instead of financing the entire premium as part of your loan?
- \* How much lower would your monthly loan payment be without the credit insurance?
- \* Will the insurance cover the full length of your loan and the full loan amount?
- \* What are the limits and exclusions on payment of benefits? (Spell out exactly what's covered and what's not.)

- \* Is there a waiting period before the coverage becomes effective?
- \* If you have a co-borrower, what coverage does he or she have and at what cost?
- \* Can you cancel the policy? If so, what kind of refund is available and are there penalties?

Before purchasing credit insurance, check to see what a traditional term life insurance or disability insurance policy would cost. You might decide it is less expensive to purchase traditional life insurance or disability insurance rather than purchasing credit insurance.

Watch for aggressive sales tactics and make sure you understand all of the documents you sign. If you have any questions about the coverage or the company selling the coverage, contact the Mississippi Insurance Department at 800-562-2957. For more detailed information on credit insurance visit the Consumer Alerts page of the MID website at [www.mid.state.ms.us](http://www.mid.state.ms.us).

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