

MAKE SURE YOU HAVE THESE 4 TYPES OF PERSONAL INSURANCE

Life is full of unexpected events, and it's important to have the right insurance every step of the way so you can remain financially protected from any unforeseen circumstances. Explore the four most important types of insurance that every person should have:

1

AUTO INSURANCE

In order to drive a vehicle, you will need insurance. It's essential to protect yourself against potential liability, damage and other possible threats in the unfortunate event that you get into an accident.



TYPICAL TERMS

- 6-Month or 1-Year

WHY YOU NEED IT

- Auto insurance is mandatory in most states
- Pay less out-of-pocket if an accident occurs
- Protects you against potential lawsuits



COMMON TYPES OF COVERAGE

*Note that types and minimum amounts of coverage vary by state.



PROPERTY DAMAGE LIABILITY

Provides payment help if your vehicle causes damage to another vehicle

What's Covered
Repairs to another vehicle

Average Coverage Amounts
\$5,000 - \$100,000 (including premiums)



BODILY INJURY LIABILITY

Payment help so you can afford costs to treat passenger or other 3rd party injuries caused by your vehicle

What's Covered
Medical expenses for others involved in accident (not you)

Average Coverage Amounts
• \$25,000 per person injured in an accident
• \$50,000 in claims for a single accident



COLLISION COVERAGE

Protects you legally from damage your vehicle causes another vehicle or object

What's Covered
Repair or replace your car (up to its cash value, minus your deductible)

Average Coverage Amounts
\$596

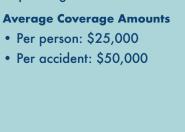


COMPREHENSIVE COVERAGE

Coverage caused by an event other than an accident

What's Covered
Repair or replace your car (up to its cash value, minus your deductible)

Average Coverage Amounts
\$192

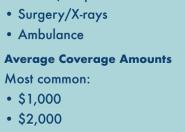


UNINSURED/UNDERINSURED MOTORIST

Reimbursement for a hit and run, or when your car is struck by a driver who doesn't have insurance

What's Covered
• Repairs for your vehicle
• Medical expenses for you and passengers

Average Coverage Amounts
• Per person: \$25,000
• Per accident: \$50,000



MEDICAL PAYMENT

Helps cover medical treatment if you or passengers are injured in an accident, regardless of who is at fault

What's Covered
• Health insurance deductibles/copays
• Doctor/hospital visits
• Surgery/X-rays
• Ambulance

Average Coverage Amounts
Most common:
• \$1,000
• \$2,000
• \$5,000
• \$10,000
• \$25,000



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HOMEOWNERS/ RENTERS INSURANCE

Consider homeowners or renters insurance to protect your home and your belongings from unfortunate events like natural disasters or theft.



HOMEOWNERS INSURANCE

WHY YOU NEED IT

- Required by your mortgage lender
- Financially protects you in the event of natural disasters and theft



WHAT IT COSTS

On average
\$1,445
Per year

LEVELS OF COVERAGE

With insurance options ranging from HO-1 through HO-8, there are various coverage types, which encompass 3 levels of protection:

01

Actual cash value

Replaces home/ possessions, while accounting for depreciation

02

Replacement cost

Cost of rebuilding a home and replacing possessions without deducting for depreciation

03

Guaranteed/extended replacement cost

Pays the full cost of rebuilding the home as it was before damage occurred (even if it exceeds policy limit)

WHAT IT COVERS

<h4>DWELLING</h4> <p>What's Included Home and any attached structures</p> <p>Average Cost Full amount needed to rebuild home</p>	<h4>OTHER STRUCTURES</h4> <p>What's Included Standalone structures</p> <p>Average Cost 10% of dwelling</p>	<h4>PERSONAL BELONGINGS</h4> <p>What's Included Stolen or damaged assets</p> <p>Average Cost 50-70% of dwelling</p>	<h4>TEMPORARY HOUSING</h4> <p>What's Included Temporary housing while a damaged home is being repaired</p> <p>Average Cost 20% of dwelling</p>	<h4>LIABILITY</h4> <p>What's Included Protection if someone gets injured at your home or causes property damage</p> <p>Average Cost \$100,000-\$500,000</p>	<h4>MEDICAL PAYMENTS</h4> <p>What's Included Treatment for someone who gets injured on your property</p> <p>Average Cost \$1,000-\$5,000</p>
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WHAT HO3 COVERS

The most popular homeowner's insurance policy is HO3, which protects you, your family, your property and your belongings.

- Damage from vehicles or aircraft
- Theft and vandalism
- Water damage and freezing from household appliances
- Power surge damage
- Tearing, cracking or building of a hot water system
- Fire and smoke
- Lightning, wind, hail, ice, snow, falling objects and sleet
- Volcanic eruptions, explosions, riots

RENTERS INSURANCE

WHY YOU SHOULD HAVE IT

Financial protection to cover costs to replace personal belongings or protect property

WHAT IT COSTS

On average, \$120-\$190 per year

WHAT IT COVERS

<h4>PERSONAL PROPERTY</h4> <p>What's Included Destroyed, damaged or stolen assets</p> <p>Average Cost \$25,000</p>	<h4>PERSONAL LIABILITY</h4> <p>What's Included Protection if someone gets injured on your property or causes damage</p> <p>Average Cost \$100,000</p>	<h4>LOSS-OF-USE</h4> <p>What's Included Temporary housing for if your property becomes suddenly uninhabitable</p> <p>Average Cost Full</p>
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HEALTH INSURANCE

If you avoid getting sick or injured, health insurance will help you afford any expense that comes your way. Health insurance can also help cover the cost of routine doctors visits, treatments and prescriptions.



WHY YOU SHOULD HAVE IT

- Helps cover the costs of routine and preventive care
- Medical emergencies without insurance coverage can send you far into debt

TERMS TO KNOW

- **Deductible:** You're responsible for these out-of-pocket expenses before your plan begins to pay.
- **Copayment:** Fixed fees for medical services. If you have a routine doctor's appointment, for instance, you'll be required to cover the copay and your policy may cover the rest.
- **Coinsurance:** After your deductible has been met, coinsurance represents the percentage of the total cost you're required to pay, minus the amount your insurance plan will cover.
- **Premium:** Your monthly bill for health insurance. Low-deductible plans typically carry a higher premium, and vice versa.
- **Maximum Out-of-Pocket Amount:** The maximum amount you will have to pay for covered health services in a year.



10 ESSENTIAL BENEFITS

Depending on which health insurance policy you have, they can help you cover the cost of the following services:

1. Outpatient care
2. Emergency services
3. Hospitalization for surgery or overnight stays
4. Pregnancy, maternity and newborn care
5. Mental health/substance use disorder
6. Prescription drugs
7. Rehabilitative services and treatment devices
8. Laboratory services
9. Preventive services
10. Pediatric services

IN-NETWORK VS. OUT-OF-NETWORK

- **In-Network:** Health providers who are within the network of your insurance company (typically less expensive)
- **Out-of-Network:** Health provider contracted outside of current health insurance company

TYPES OF HEALTH INSURANCE

- **Employer-Provided Health Insurance**
Plans purchased and managed by your employer
- **On-Exchange Private Health Insurance**
Plans sold on government or public healthcare exchanges, such as the Health Insurance Marketplace provided by the Affordable Care Act
- **Off-Exchange Private Health Insurance**
Plans sold directly by a health insurance company, through a third-party broker or through a privately-run health insurance marketplace (ex: GAP)
- **Short-Term Health Insurance**
Limited healthcare coverage typically used if there is a temporary gap in coverage (usually one or two months)
- **Medicare**
Federal health insurance program for Americans over the age of 65

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LIFE INSURANCE

No one wants to think about what will happen to our loved ones if we pass away. A life insurance policy will help take care of them financially, even after we're gone.



WHY IT'S IMPORTANT

- Helps your family afford your final expenses (funeral, cremation, medical bills, etc.)
- Supplements your family's or housemates' income and helps them afford basic needs
- Can help your loved ones pay off your personal debt or loans
- Provides one last gift to a charity or foundation if they are listed as one of your beneficiaries

HOW IT WORKS

- Can have either an individual or group policy
- You can pay a single premium up front or pay regular premiums over time
- Those with no pre-existing conditions, a great driving record, and are between the ages of 18-80, have the best chances for being eligible
- Best to get while young and health problems are most likely at your lowest, this way you get a lower rate

TERMS TO KNOW

<h4>DEATH BENEFIT</h4> <p>This represents the total amount of money guaranteed to your beneficiaries upon your death.</p>	<h4>PREMIUM</h4> <p>The money you pay for your life insurance policy. Your premium is typically determined by your risk level.</p>	<h4>CASH VALUE</h4> <p>For some policies, a portion of your premium is paid into an investment account that grows with interest over time. This is known as the cash value and can be withdrawn early if you choose to surrender your coverage or use it as a loan.</p>
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TYPES OF LIFE INSURANCE

- **TERM LIFE INSURANCE**
• Provides coverage over a certain number of years (commonly 10, 20 or 30)
• Death benefit is paid out in a lump sum if you die within the coverage period
• Typically cheaper and has no cash value
• Helps cover large expenses that will eventually end (e.g., college tuition, mortgage on a home you plan to sell or pay off)
- **LEVEL TERM**
• Premiums are same every year
• Beneficiaries can receive the full guaranteed death benefit at any point during coverage
- **INCREASING TERM**
• Premiums may increase as you get older
• Death benefit increases over the life of your policy
- **PERMANENT LIFE INSURANCE**
• Lasts for the duration of the policyholder's life, unless payments stop
• Usually includes a death benefit and investment account with cash value
- **BURIAL/FINAL EXPENSE**
• Small death benefit that beneficiaries can use as they wish
• Commonly used to cover funeral expenses
- **WHOLE LIFE**
• Accumulates tax-deferred interest on cash value
• Savings grow at a guaranteed rate
- **SINGLE PREMIUM**
• Entire premium is paid up front as a lump sum
• Death benefits are guaranteed
• Cash value can increase quickly
- **UNIVERSAL LIFE**
• Earns interest and cash value can depend on marketplace fluctuations
• May include flexible premiums that you can adjust throughout your lifetime
- **GUARANTEED ISSUE**
• Ideal for those with medical issues who would otherwise be uninsurable
• Does not require you to answer health questions or undergo an exam
• Often accompanied by a waiting period
- **GUARANTEED UNIVERSAL**
• More affordable lifelong coverage often accompanied by a lower cash value
• Doesn't build interest, but has lower premiums
- **VARIABLE UNIVERSAL**
• Ability to invest the policy's cash flow
• Often includes a separate investment account
- **INDEXED UNIVERSAL**
• Ability to earn a fixed rate of return on cash value through a percentage of interest earned (participation rate)

Sources:

Allstate, Nerdwallet, Valuepenguin, Investopedia, iiii, eFinancial, Policygenius