

7 Insurance Policies You Can't Go Without

Insurance is like a life jacket—you are so thankful you have it when you need it. And if you don't have it, you are one car wreck, illness or house fire away from drowning—not in the ocean, but in debt.

It's sort of funny that, as important as insurance is, no one likes to talk about it. Many people find it boring or confusing. They might even consider it scary when the subject of life insurance or disability comes up, since no one wants to think about dying or being permanently disabled. It may not be a pleasant topic to discuss, but it's a necessary one.

The good news is that once you have coverage in place, you can rest a lot easier. **The purpose of insurance is to transfer risk.** If something bad happens, the insurance company, who has assumed that risk, will cover a percentage of the cost.

Getting all your bases covered, though, can be a little challenging. There are different insurance needs for different people in different stages of life. Plus, you have to keep up with monthly premiums, co-pays, staying in network, and updating your plans. So how do you know what you need and when? To answer that, here are seven must-have types of insurance policies.

1. Homeowner's/Renter's

If a fire, tornado or other disaster damages your home or your possessions, this insurance will cover your house and material belongings. It's a good idea to log your possessions (you can take pictures of them) in case you need to make a claim. If you have [homeowner's insurance](#), be sure that you have guaranteed replacement cost.

2. Auto

Never drive around uninsured—not just because it's against the law, but also because the average loss per claim on cars is around \$4,200. Imagine having to pay that kind of money out of pocket! **The [best auto insurance](#) to have is adequate liability coverage.** Liability is insurance that covers anything that you caused in an accident,

from damage to the car to the health of the humans on the other end. Another popular type of coverage is collision, which pays for your car if it's damaged or destroyed in a wreck. To save money, you can drop your collision or raise your deductible. Just make sure you have enough money in your emergency fund to cover the damages to your car or to replace your car if it's totaled. [Read More: How Much Car Insurance Do You Really Need?](#)

3. Health

We can't stress enough how vital health insurance is. If you don't have it and need to go to the hospital, you'll be paying those medical bills for years, maybe even decades. Depending on your health concern, you could be talking about hundreds of thousands of dollars here. Never go without it—that's just asking for trouble! Check out the various options that are available to determine which one best fits you and your family.

4. Disability

Many companies offer [great rates on long-term disability insurance](#) to their employees. **Make sure 65% of your current income is covered** and try to buy insurance that pays if you can't perform the job that is required of you. You will still need to be fed and cared for, but you won't be able to generate an income. As far as short-term disability insurance is concerned, don't buy it. If you become unable to work for, say, 90 days, a fully funded emergency fund will cover your needs there.

5. Long-term care

Once you hit 60 years old, you need long-term care insurance. "Need" is the key word here. In 2012, the average cost of a private room in a nursing home was more than \$90,000 a year. That can crack and scramble a nest egg in a heartbeat. You may not be at this stage of life yet, but your parents could be, so make sure they get it. Or you may be footing the bill. [Read More: How to Talk to Your Parents About Money](#)

6. Identity theft

This could happen when someone steals your driver's license or in a big data breach at a big chain store. Whatever the case, it's a smart move to protect yourself with the right theft protection. Make sure your insurance includes restoration services that assign a

qualified counselor to clean up the mess. [Get identity theft protection through Zander Insurance.](#)

7. Life

You need life insurance. Don't do anything else until you and your family are covered! **Never, ever get whole life insurance.** Always go with term life because it is affordable for just about anyone and doesn't include a bunch of rip-off fees. Plus, you can let the policy expire after you build up your retirement savings rather than being stuck with it forever. Sadly, about 39% of U.S. adults don't have life insurance. Don't be one of them. If you die without life insurance, your family will be forced to cover all the burial expenses and keep earning money to live on while grieving. [Get a quote now.](#)

One Final Point to Remember

All these types of insurances are basic, not gimmicky. **Stay away from gimmick policies** like cancer insurance, accidental death or anything that packages your coverage and savings together (such as whole life or universal life, where the rates of return will be horrible). These policies are just a way for the seller to make extra money off you. Just worry about getting yourself covered with the proper insurances noted above—you can forget about the rest.