



5 Insurance Policies Everyone Should Have

by Lisa Smith ([Contact Author](#) | [Biography](#))



Protecting your most important assets is an important step in creating a solid personal financial plan. The right [insurance policies](#) will go a long way toward helping you safeguard your earning power and your possessions. In this article, we'll show you five policies that you shouldn't do without. (To find out about some insurance basics, see [Understand Your Insurance Contract](#).)

1. Long-Term Disability Insurance

The prospect of long-term disability is so frightening that some people simply choose to ignore it. While we all hope that, "Nothing will happen to me," relying on hope to protect your future earning power is simply not a good idea. Instead, choose a [disability policy](#) that provides enough coverage to enable you to continue your current lifestyle even if you can no longer continue working. ([Protecting Your Income Source](#) provides a closer look at this important topic.)

2. Life Insurance

[Life insurance](#) protects the people that are financially [dependent](#) on you. If your parents, spouse, children or other loved ones would face financial hardship if you died, life insurance should be high on your list of required insurance policies. Think about how much you earn each year (and the number of years you plan to remain employed) and purchase a policy that will replace that income in the event of your untimely demise. Factor in the cost of burial too, as the unexpected cost is a burden for many families. (For a more detailed look at the types of coverage available and factors involved in choosing the right coverage for your situation, read [Buying Life Insurance: Term Versus Permanent](#) and [How Much Life Insurance Should You Carry?](#))

3. Health Insurance

The soaring cost of medical care is reason enough to make health insurance a necessity. Even a simple visit to the family doctor can result in a hefty bill. More serious injuries that result in a hospital stay can generate a bill that tops the price of a one-week stay at a luxury resort. Injuries that require surgery can quickly rack up five-figure costs. Although the ever-increasing cost of health insurance is a financial burden for just about everyone, the potential cost of not having coverage is much higher. (For more insight, see [Fighting The High Costs Of Healthcare](#).)

4. Home Insurance

Replacing your home is an expensive proposition. Having the right home insurance can make the process less difficult. When shopping for a policy, look for one that covers replacement of the structure and contents in addition to the cost of living somewhere else while your home is repaired. (To keep reading on this

subject, see [Insurance Tips For Homeowners](#).)

Keep in mind that the cost of rebuilding doesn't need to include the cost of the land, since you already own it. Depending on the age of your home and the amenities that it contains, the cost to replace it could be more or less than the price you paid for it. To get an accurate estimate, find out how much local builders charge per square foot and multiply that number by the amount of space you will need to replace. Don't forget to factor in the cost of upgrades and special features. Also, be sure the policy provides adequate coverage for the cost of any liability for injuries that occur on your property.

5. Automobile Insurance

Some level of automobile liability insurance is required by law in most localities. Even if you are not required to have it and you are driving an old junker that has been paid off for years, automobile liability insurance is something you shouldn't skip. If you are involved in an accident and someone is injured or their property is damaged, you could be subject to a lawsuit that could cost you everything you own. Accidents happen quickly and the results are often tragic - having no automobile liability insurance or purchasing only the minimum required coverage saves you only a tiny amount of money and puts everything else that you own at risk. (To learn more, see [Shopping For Car Insurance](#).)

**Bonus Tip For Business Owners:* In addition to the policies listed above, business owners need business insurance. Liability coverage in a litigation-happy society could be the difference between a long, prosperous endeavor and a trip to bankruptcy court.

Shop Carefully

Insurance policies come in a wide variety of shapes and sizes and boast many different features, benefits and prices. Shop carefully, read the policies and talk to the salesperson to be certain that you understand the coverage and the cost. Make sure the policies that you purchase are adequate for your needs, and don't sign on the dotted line until you are happy with the purchase.

To find out more about this topic, see [Fifteen Insurance Policies You Don't Need](#) and [Exploring Advanced Insurance Contract Fundamentals](#).



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