

7 Must Have Insurance Coverage Everyone Should Purchase

Insurance is a necessity but often times can be confusing. There are many types of insurance but only a few are an absolute necessity. I have narrowed down the seven must have insurance policies everyone should buy. I have also included what each one costs me every year so you can compare your costs to mine.

[The purpose of insurance is to transfer the risk.](#)

Health Insurance

Our number one must have insurance policy is health insurance. One of the leading causes of personal bankruptcy in the US is medical bills. The best way to curtail a hefty medical bill is to have health insurance.

Health insurance can be one of the most confusing to understand however. So we've made sure to provide more insight on [what you need to know when shopping for health insurance](#).

My health insurance cost: \$6,115

The actual cost of my health insurance is \$13,706. Thankfully my employer pays roughly 75% of those costs. I have a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). I also contribute an extra \$2,600 to our HSA account each year to help pay our deductibles.

Car Insurance

Never drive around without being insured! An auto accident can be one of the most costly experiences of your life. Whether you are at fault or another driver, having adequate coverage is a must.

My car insurance cost: \$1,475

Our policy covers 2 mid-size SUV's which are both 2013 models.

Homeowners / Renters Insurance

Homeowners and renters insurance policies are some of the cheapest insurance you can buy. If you own a home, then homeowners covers the structure as well as material belongings. Always make sure you have guaranteed replacement cost!

If you rent, typically your landlords homeowners insurance policy does not cover your possessions. So if a fire happens in the property you will not be compensated for anything you lose or for being displaced from your home.

My homeowners insurance cost: \$571

This is for a home valued between \$250,000 and \$300,000. As you can see, the cost is nominal compared to the asset the insurance protects.

Life Insurance

Typically you'll want to look into life insurance when you get married. You definitely want to have life insurance in place if you have children. Never purchase whole life insurance, it's a waste of money. Always buy term life insurance.

My life insurance cost: $\$425 + \$380 = \underline{\$805}$

Both my wife and I have \$500,000 term life insurance policies for 30 years. We are the same age with no health issues and no history of smoking or alcohol abuse. But my cost is higher than my wife's because I am a male and considered more riskier.

Identity Theft Insurance

It's hard to come across anyone who has not had personally identifiable information stolen by hackers or thief's. With large companies being hacked and credit card information being stolen, everyone should have identity theft insurance. Make sure your insurance includes restoration services that assign a qualified counselor to clean up the situation for you.

My identity theft insurance cost: \$145

This covers my whole family. I've also received a number of free credit monitoring services over the years and other identity theft insurance coverage from companies who lost my information. But I also have purchased my own identity theft insurance to give me ultimate peace of mind.

Disability Insurance

This covers you against the risk of a disability which could harm your ability to work and lose your earned income. Many companies offer disability insurance to their employees. Make sure 65% of your current income is covered and you will get paid if you can't perform the job you were hired to do.

My disability insurance cost: \$0

My employer is kind enough to provide this benefit for me.

Long Term Care Insurance

If you are under the age of 55, long term care insurance may not be necessary to have. But if you are over age 55 then definitely add this to your insurance portfolio.

My long term care insurance cost: \$0

I will definitely look into including long term care insurance as I approach the age of 55.

All totaled, our portfolio of insurance coverage costs us **\$9,111** each year. That's a substantial amount of money!

However, according to my most recent [monthly net worth report](#), this cost only represents about 1% of our total net worth. Without these must have insurance policies though, one car wreck, medical emergency or house fire could severely damage our financial picture.

If you are struggling in your finances, always try to budget for health, car and homeowners are must have insurance policies.

In order to make sure you don't end up in financial ruin, make sure to include these 7 must have insurance policies in your annual budget!

Hi readers! Which of these insurance policies do you have? Do you feel you are adequately insured?

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