**Advanced Money School Lesson 8: Insurance Needs Worksheet**

The following worksheet will help you determine which kinds of insurance you need. For umbrella and life insurance, it will also help you determine how much you should buy.

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| **Auto Insurance**  If you own a car, you must carry car insurance that meets [the minimum requirements set by your state](https://www.moneyunder30.com/minimum-auto-insurance-coverage-requirements-by-state). In some states, the minimum coverage amounts are quite low. My personal thought is that every driver should carry at least liability limits of 50/100/25: $50,000 per person, $100,000 per accident, and $25,000 of property damage.  Increase your liability limits by $50,000 increments if your net worth exceeds $100,000. For example, if you have a $250,000 net worth, consider increasing your liability limits to 75/250/50. Work with an insurance agent to determine the right amount for you.  Purchase collision and comprehensive insurance if you drive a newer car that is worth more than $10,000 *or* if repairing or replacing your damaged or stolen car would present a significant financial burden.  If you don’t drive very often, consider getting a quote with [Metromile](https://www.moneyunder30.com/metromile-insurance-review) which offers pay-per-mile rates that may offer significant savings.  **Renter’s Insurance**  If you rent an apartment, [renter’s insurance](https://www.moneyunder30.com/renters-insurance) is optional but highly recommended. It doesn’t cost very much, and will cover the cost of replacing your possessions in the event of fire, theft, or other damage.  **Homeowner’s and Umbrella Insurance**  If you own your home, you likely already have homeowner’s insurance. (If you have a mortgage, it’s required. If you own your home outright, it’s still a must-have.)  An important thing to remember about your homeowner’s insurance is that it doesn’t just cover the cost of repairing damage to your home. Homeowner’s insurance also provides liability insurance that can cover the cost of defending yourself against many kinds of lawsuits.  The larger your net worth, the more liability insurance you should carry. For most people with average assets, this isn’t a concern. As you begin to accumulate wealth, however, consider adding an umbrella policy to increase the overall liability limits of both your homeowner’s and auto insurance.  **Life Insurance**  If you answer yes to any of the following questions, you should strongly consider buying term life insurance:   * I have children * My spouse (or someone else) depends on my income, in part or in full * Somebody is a cosigner for me on a mortgage, student loan, or another loan   How much life insurance do you need? Use MoneyUnder30’s simple [life insurance needs calculator](https://www.moneyunder30.com/how-much-life-insurance-do-you-need) to find out.  **Disability Insurance**  Many people overlook disability insurance. For employees, the first step is to ask your HR manager if you already have some kind of disability insurance or have the option to buy some through work.  Self-employed individuals and workers who can’t get coverage through work can buy policies on the open market through a broker like [Policygenius](https://www.moneyunder30.com/links/policygenius-health-insurance) or [Breeze](https://www.moneyunder30.com/links/breeze).  There are two kinds of disability insurance: Short-term and long-term. Short-term is less expensive but only replaces a part of your wages for a few weeks if you get injured. Long-term disability insurance is more expensive but can replace a significant portion of your income if you become permanently disabled.  **Pet Insurance**  If you have dogs or cats, pet insurance can cover vet bills if your furry companion gets sick or injured. It doesn’t cover routine vet visits, but can be a lifesaver if your pet needs costly surgery. In my opinion, it’s a good idea if you don’t know how you’d come up with $2,000 or more to cover a pet emergency. If you have ample savings, you can pass.  **Health Insurance**  Last, but certainly not least, is health insurance. Everybody needs it, full stop. If you don’t have it through work, head on over to [Policygenius](https://www.moneyunder30.com/links/policygenius-health-insurance) or [healthcare.gov](https://www.healthcare.gov/) to compare policies.  If you’re young and healthy, there shouldn’t be a problem with buying the least expensive policy irrespective of deductibles. If you have a chronic condition, you may want to spend more to ensure your doctors and prescriptions are covered in-network and to reduce your annual deductible (the amount you must pay out-of-pocket before insurance kicks in. [Here’s a refresher of the different health insurance terms.](https://www.moneyunder30.com/understanding-your-health-insurance) | **Notes** |