

## Insurance needs vary with your stage in life

by Chicago-Tribune

A look at coverage for singles under 30

Bad, emotionally wrenching things happen in life, whether house fires, car accidents, health ailments or even death. That's why we buy insurance--so a bad event doesn't spiral into financial disaster too.

But everybody should not buy the same types of insurance. Requirements for most people depend on what stage of life they are in.

In coming weeks, we'll look at insurance needs at four stages of life: young singles, young families, established families and empty-nesters.

We'll highlight what insurance you need, what you don't need and how to save money along the way. The topic of buying insurance can be complex, but no more confusing than figuring out what cell phone plan is best for you.

And it's worth examining because you can save big bucks. Ultimately, insurance is just a cold, unemotional contract. You pay premiums to an insurance company, and it pays you if a bad thing happens. So as long as the company is reputable and highly rated, it doesn't matter which one you choose. You can shop by price.

Here are insurance concerns specific to many childless, single people under age 30. But they can apply to other age groups, too. Much of the advice comes from the National Association of Insurance Commissioners, which has a useful consumer site at [www.insureuonline.org](http://www.insureuonline.org).

Renter's insurance

House parties are common among young singles. Did you know you could be sued if someone drinks alcohol at your rented apartment, then drives a car, causes an accident and hurts someone or damages property?

"If you're hosting parties, you don't diminish your liability because you don't own the property," said Alessandro Iuppa, president of the National Association of Insurance Commissioners.

Or if your apartment building burns to the ground, you know how much your landlord would reimburse you for all your burned stuff? Nada. Both scenarios and several others, including theft, are covered by renter's insurance. It's relatively cheap and worthwhile.

Auto insurance

If you're still in high school, good grades can lower your insurance premiums. And if you're away at college and only drive on weekends, you could qualify for lower rates because you drive less. Try to stay on your parents' auto policy as long as possible. It will be cheaper than obtaining your own insurance.

If you drive a beater, consider dropping collision coverage. A rule of thumb is to drop collision and comprehensive coverage when your car's retail value falls to about \$2,500.

"Don't carry coverages you don't really need," said Iuppa, who dropped collision on his 1988 Saab for that reason. And you don't need a ton of liability insurance if you have a low net worth. In other words, if you are sued, you don't have much money or many assets to lose.

Also, set aside a few hundred dollars so you can raise the deductible--the amount you pay before insurance kicks in--and save on premiums. Raise deductibles to at least \$500. And if you're buying your first car, check with your insurance agent first and figure insurance costs into the buying decision.

Health insurance

Part of being young is feeling invincible, and it's true young people are less likely to have health problems. Maybe that's why a recent NAIC survey found one-fifth of young singles indicated they would decline employer health insurance to save money. That's a bad idea.

"Young, single people are susceptible to getting hurt," Iuppa said. "They tend to engage in more active and more extreme sports, and the likelihood of injury is perhaps greater."

Be aware that if you were covered under your parents' health insurance policy while you were in college, that might end when you graduate. And when you land your first job, you may have to wait through a probation period before health benefits start.

For those gaps in coverage, try to extend your parents' coverage for a while under Cobra, a temporary health insurance plan. Some colleges offer graduates interim coverage. If that fails, as a short-term measure buy catastrophic health coverage, which will cover you for wildly expensive health costs.

Disability, not life

The good news is many young, childless singles don't need life insurance. If you died, nobody would suffer a financial hardship, except your parents, who would have to pay funeral and burial expenses.

What you need instead is long-term disability insurance, which will pay a portion of your salary if you're unable to work because of sickness or injury. Statistics show you're far more likely to become disabled than die during your working years. And singles don't have a working spouse who can pay the bills if they are laid up. Buy all the disability insurance you can through your employer because buying it on your own will be a lot more expensive.

---

BY GREGORY KARP

Gregory Karp is a personal finance writer for The Morning Call, a Tribune Co. newspaper in Allentown, Pa. E-mail him at [yourmoney@tribune.com](mailto:yourmoney@tribune.com).

For additional discussion on spending wisely, see the Spending Smart blog at <http://blogs.mcall.com/spendingSMART/>.

Copyright © 2006, Chicago Tribune

*Insurance needs vary with your stage in life by Chicago-Tribune*