



What is insurance?

Insurance is a way to pay for large, unexpected costs without having to have the money on hand. Participants in an insurance plan all pay into a pool of money; anytime one person on the plan has a need for the money (for example, a car accident or medical costs), it gets paid out of that common pool.

Important insurance terms:

- Policy – the details of what your insurance covers.
- Premium – the amount you pay each month to keep your insurance.
- Deductible – how much you have to pay before your insurance starts paying.
- Co-Pay – under some insurance plans, a set amount you'll have to pay every time you go to the doctor or get a prescription.
- Co-Insurance – a type of medical insurance where you pay a percentage of your bill (often 20%) and the insurance pays a part of the bill.

What kinds of insurance are there?

There's insurance for almost anything you can think of, but the most common are:

- Auto – insurance coverage for anything that impacts your car.
 - Liability Insurance – covers the other person, but not you, if you are at fault in a car accident. *This is required by law.*
 - Comprehensive Insurance – covers nearly everything, including you and the other driver in case of accidents. *Usually required if you have a loan on the car.*
- Medical – helps with medical costs. *Currently required by law.* If you are low income, disabled, or elderly, you might qualify through Medicaid or Medicare. Visit <https://www.healthcare.gov> for more information.
- Homeowners – covers the contents of a home and the house itself. *Required if you have a mortgage (home loan)*
- Renters – covers the contents of a home, but not the building itself. Also covers belongings in vehicles, but not the vehicle itself.
- Life – when you die, this type of insurance gives money to your beneficiaries.
- Disability – if you become physically disabled while employed, this covers a portion of your income until you are able to work again. Usually has a maximum time limit on benefits.

How do you get and keep insurance?

First, figure out what you need to insure and how much insurance you need. Then, shop around for an insurance agent. It's helpful to ask friends and family who they would recommend. Be sure to talk to at least three companies before you buy insurance.

Once you have insurance, **keep paying your premium.** If you stop paying your premium, your insurance automatically ends.