

Straight Talk For New Insurance Buyers

What you should know about insurance

Maybe you're in high school and thinking about getting a car of your own. You'll need insurance. Maybe you're already out of school and are moving into your first home or apartment. You'll need insurance.

Maybe you haven't even started to think about those things. But someday soon, you're going to need this information to become a smart insurance consumer. That's when this brochure is going to come in handy.

So hang onto it. Put it on your bulletin board or file it away with the papers you're saving. Sooner or later, you'll be glad you did!

The Risks of Independence

For most teenagers, the great thing about being one is independence. You have more freedoms today than probably at any other time in your life.

Sure, you sometimes feel like your parents don't realize you're not a child anymore. But more and more, you're on your own.

It happens in little ways. Maybe it's your own phone or being allowed to fix up your room the way you want. Maybe it's an after-school job that provides your own cash. Maybe it's your driver's license and, if you're lucky enough, your own set of wheels.

Independence feels good, but you've heard this before: There's no such thing as a free lunch.

More independence has a price --usually more responsibility -- and taking the risks that go along with it. For example:

"I know it wasn't your fault that someone else backed into my car when you borrowed it; but it wasn't my fault, either. If you're old enough to drive it, you're old enough to pay for the repairs."

"What? Someone at the party sat on your stereo, and you want me to pay to fix it?"

Sounds familiar? Don't feel alone. Everyone hears those kinds of things sooner or later.

The thing is, independence and responsibility go hand in hand. You know it's true, even if you don't like to be reminded of it all the time.

Part of being independent means assuming risks and being smart enough to protect yourself from risks as best you can. One way is insurance.

FYI:



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You might think insurance doesn't have anything to do with you yet. But wait a minute! You're already insuring yourself in some ways.

Every time you buckle your seat belt -- You do buckle your seat belt, don't you? -- you're taking out a five-second insurance policy against getting hurt in a car wreck.

Every time you buy concert tickets six weeks in advance, you're insuring yourself against the chance of a sellout and assuring yourself a seat.

But when the time comes for you to move out on your own (if you haven't already), will you know enough about insurance to make wise buying decisions?

What if someone breaks into your apartment or room at college and cleans you out? What if you total your car or have a fender-bender and the other guy screams, "Whiplash!" and sues?

It happens. Nobody is immune to misfortune. So you might find it a good idea to create an edge for yourself against the risks life throws at everyone.

That's the time for insurance. It's the time to talk to a Professional Insurance Agent about the best ways to protect yourself.

Insurance 101: The Basics

As you become more independent and face more risks, you'll need insurance -- for your car, your home, your health or whatever.

The basic idea is simple.

People protect themselves from major risks by sharing resources. You put a little money as a premium (a payment to an insurance company) into a pool. Then, if something costly happens, you call on the pool (make a claim) to cover the loss. That's called spreading the risk. That's insurance.

Now, here are some questions and answers that will help you make an intelligent decision about buying insurance:

How Old Do I Have to Be For Insurance?

In most states, you can get insurance when you're of legal age, which usually means age 18.

What Kinds of Insurance Do I Need?

Different people need different kinds of insurance. But most people buy four kinds.

Auto insurance pays you if your car gets damaged, if someone in your car gets hurt or pays somebody else if you damage their car or injure them. Many states require drivers to carry minimum amounts of coverage.

Homeowners or renters insurance covers theft, fire and other types of losses. It also pays if someone gets hurt on your property, like a mail carrier falling on your sidewalk.

Health insurance pays doctor and hospital bills when you're sick, injured or need surgery.

Life insurance pays in the event of death. This is one way to insure your future income for your family, even if you're not around to earn it.

There are many variations on these themes because most people want specific coverage that best meets their specific needs.

Talk to your Professional Insurance Agent about what you need. He or she can help you sort things out.

What Should I Get Coverage For?

We hate to tell you this, but the answer is "it depends." What it mostly depends on are:

The kinds of risks you're exposed to,

How much you can afford to pay for insurance premiums, and

How much you can afford to lose if something bad happens.

Here's some advice: Consider reducing or dropping collision and comprehensive coverage if you have an old car. No matter how bad the damage, your policy only pays its cash value.

How Much Does Insurance Cost?

Again, it depends -- on how much coverage you buy, the type of coverage and your chances of a loss. The more frills, the more a policy costs.

For car insurance, what you drive, where you drive and how you drive all affect your premium. If you haven't had accidents or tickets, you're what insurance companies call a good risk and will probably pay less than someone with a poor driving record.

How Can I Keep Insurance Costs Down?

Reduce your premium by increasing your deductible -- the amount you're willing to pay for a loss. Drive an economy car or join a car pool.

Many insurance companies lower your renters or homeowners premiums if you install a smoke detector, burglar alarm or door and window locks.

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