



## Protect Yourself and Your Stuff: What You Need to Know About Insurance

You may think the things you own aren't worth much, but, if you can't afford to replace them, they're worth protecting. All of your belongings (clothes, music, electronics, books, etc.) and your car (even if it's a clunker) are all valuable items that would probably be hard for you to replace in an emergency. And, as you probably know, doctor and hospital fees are usually pretty steep. When you have things of value, it is wise to protect them with insurance. Insurance is a financial product where you pay an insurance company a regular nominal fee (called a "premium"). In exchange for the premium, the insurance company replaces your things or pays to fix damages when something bad happens that is covered by the insurance policy. However, most insurance policies will not cover the full cost. There is usually a "deductible," which means that you have to cover the first several hundred dollars before the insurance will kick in and cover the rest of the damage. This tip sheet will discuss three critical types of insurance: renters insurance, health insurance, and car insurance.

**Reduce Your Risk with Renters Insurance.** For about \$7 to \$20 per month— or well under a \$1 a day— you can purchase renters insurance, which will protect the value of all your belongings from theft, fire, water damage, and other types of damage. Renters insurance will even protect you against the cost of lawsuits by guests who get hurt when visiting your home. Usually renters insurance has a deductible of about \$500, which means that if all your belongings are destroyed by a fire caused by another tenant, you could have all of your things— food, clothing, electronics— replaced, and maybe even the expense of relocating for only \$500. You don't even need to be a tenant listed on a lease to purchase coverage for yourself.

### Is Homeowners Insurance a Good Value for Me?

1. Add up the value of everything you own (that means everything from the clothes in your closet to the food in your pantry and fridge to your electronics, and any other belongings).

Value of all my stuff: \$

2. Now call up an insurance company or go online and get a quote for renters' insurance.

Quote for cost of renters insurance premium for a year: \$

3. Now think about the amount of money you could get together in a few days in the event of an emergency.

How much money could you gather to replace all your belongings in an emergency? \$

**Decision time:** Is 1 greater than 2? (Is the Value of all your stuff more than the cost of insurance for a year?)

If **yes**, then renters insurance is probably a good value for you.

If **no**, renters insurance may not be right for you.

#### Tip Sheet Series for Youth in Foster Care

Know Your Credit History:  
How to Interpret a Credit  
Report

Creating a Credit Profile:  
How to Build Your Credit

Identity Theft: How to  
Resolve Errors on Your  
Credit Report

Protect Yourself and Your  
Stuff: What You Need to  
Know About Insurance

Get Tax Savvy: What You  
Need to Know About Taxes

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You can search for renters' insurance policies by having different companies call you by going to <http://www.netquote.com/renters-insurance-quotes.aspx> or <http://quotewizard.com/renters-insurance>. Another option is to go and request quotes directly from different insurance companies' websites. Most major insurance companies sell renters insurance. Also there may be local insurance companies in your area, which you can find by searching online. Many factors determine what your premium will be, so you should definitely search around to find the most coverage you can afford at the best price.

**Health Insurance, Make Sure You're Covered:** Health insurance is critical. Serious accidents, debilitating diseases, and other medical emergencies can strike anyone at any time, even young, healthy people. Without health insurance, the extremely high cost of medical care will make it nearly impossible for you to get the care you need to get better.

**Stay Eligible for Medicaid:** As youth in foster care or a youth formerly in foster care you are likely eligible for Medicaid benefits (health insurance paid for by the government) until you reach a certain age. The exact age until which you are eligible will vary depending on a number of different factors including what state you live in. Be sure you know exactly what eligibility rules apply to you and what you need to do to maintain your Medicaid eligibility for as long as possible. With the implementation of the new healthcare law, some youth may qualify for Medicaid benefits until age 26. Keep yourself in the loop on what you need to know about your Medicaid eligibility by going to this website <https://www.healthcare.gov/do-i-qualify-for-medicaid/> and clicking on the option for more information about your state.

**When you're researching your Medicaid eligibility, make sure you find out the answers to these questions.**

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- What do I need to do to continue my Medicaid coverage?
- How often do I need to recertify to maintain eligibility?
- What do I need to do to recertify?
- When will I no longer be eligible for Medicaid?

**Get Ready for the New Health Care:** If you don't qualify for Medicaid, beginning January 1, 2014, the new Health Care requires you to have health insurance. If you don't get health insurance, you'll be required to pay a penalty to the Internal Revenue Service (IRS). Most people's best option will be to access health care benefits through their employer. If your job does not offer health insurance, or if the insurance offered by your employer is not affordable to you, you can access new health insurance "marketplaces." Depending on the state where you live, your marketplace may be operated by your state government or by the Federal government. Regardless of where you live, you can access any marketplace from this central portal: <https://www.healthcare.gov>. You can find more information about health insurance specifically targeted to youth and young adults (and even download a mobile app) here: <http://health.younginvincibles.org/>.

**Protect Your Car and Yourself with Insurance:** If you have a car, in almost all states (except for New Hampshire, Virginia, and Mississippi), you are required by law to purchase car insurance. Driving without car insurance may be a crime in your state and put you at risk for fines and arrest. No matter how you acquire a car, you must register the vehicle with the Department of Motor Vehicle in your state and you will need to show proof of car insurance. Even if you live in a state where car insurance is not required, it is very important that you purchase car insurance to protect yourself and your passengers from bearing tremendous costs if you get into a car accident.

**Get the Best Premium:** As with other types of insurance, you will pay a premium (usually monthly), which will likely be a few hundred dollars each month. There are a number of factors that affect your premium, including age (younger drivers pay more), driving record, the car you drive, your deductible (the higher your deductible, the lower your premium), and where you live. You might be able to reduce the cost of your insurance by taking a defensive driving class or if your car has certain safety features like an air bag or anti-lock brakes.

**Ask someone who's been in a car accident recently how their insurance covered the cost of the accident.**  
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How much was covered?

How much had to be paid out of pocket?

What types of auto insurance did the person have?

Would the person have bought more or different coverage if they could do it all over again?

What types of changes would he/she make?

**Understand the Different Types of Car Insurance:** Most states require you to have liability insurance. That means that if you get into accident your insurance will pay to cover any harm you caused to people you injure and property you damage. Most states have no-fault insurance, which means it doesn't matter who was at fault in the accident; your liability coverage will pay for the damage caused by you. It is important to note that liability insurance does not cover damage to your car. For that, you'll need collision insurance. There are also other types of car insurance, such as theft and fire insurance. For a buying guide to car insurance, check out: <http://www.consumerreports.org/cro/car-insurance/buying-guide.htm>. For additional information targeted specifically to youth about insurance, see <http://www.insurance.INSUREU-online.org/>.