

11.5.1.2: Buying Insurance

Learn how to find a trustworthy and affordable insurance company.

What's on This Page

- Types of Insurance
- Shop for Insurance

Types of Insurance

Insurance protects you from financial loss in the event of a disaster or other hardship. By purchasing insurance policies, you can receive reimbursement for losses due to car accidents, property theft, natural disasters, medical expenses, disability, or death.

- **Health insurance**—helps pay your doctor's visits and other health care expenses
- **Disability insurance**—replaces some of your income if an injury or illness prevents you from working
- **Life insurance**—helps pay bills and your family's future financial needs after you die
- **Auto insurance**—protects you against financial loss if you have a car accident
- **Homeowner's insurance**—pays you if there is damage to your home, or for loss of personal property due to damage or theft
- **Flood insurance**—protects you against property loss from flooding
- **Renter's insurance**—pays claims for damage or loss of your personal property as a renter
- **Pet insurance**—helps pay veterinary bills for your pet
- **Crop and livestock insurance**—protects your farm from loss due to natural disasters or declining prices
- **Catastrophic health care insurance**—covers certain types of expensive medical care, like hospitalizations
- **College tuition insurance**—refunds college tuition if you must withdraw because of a serious injury or illness
- **Dental and vision insurance**—helps pay your dental or vision care expenses
- **Identity theft insurance**—reimburses you for the cost of restoring your identity and repairing credit reports if you're a victim of identity theft. This insurance may be part of your homeowner's insurance policy or a stand-alone policy.
- **International health care insurance**—provides health coverage no matter where you are in the world. The policy term is flexible, so you can purchase it only for the time you will be out of the country.
- **Liability insurance**—pays if you are sued for negligence or injury to another person
- **Host protection insurance**—protects you if you rent your home out or use your car to drive others for a fee
- **Travel insurance**—protects against losses during travel. There are four kinds of travel insurance: travel cancellation insurance, baggage or personal effects coverage, emergency medical coverage, and accidental death.
- **Umbrella insurance**—supplements the insurance you already have for home, auto, and other personal property. Umbrella insurance can help cover costs that exceed the limits of other policies.

Shop for Insurance

Before you buy insurance, do your homework. Research the insurance company to be sure that the company is financially sound and provides good service. Also find out what factors matter so that you can get the coverage you need at the best price.

Check Out the Insurance Company

- Find out whether your [state insurance department](#) offers any information concerning insurance companies and rates.
- Make sure the insurance company is licensed and covered by the state's guaranty fund. The fund pays claims in case the company defaults. Your state insurance department can provide this information.
- Check the financial stability and soundness of the insurance company with credit rating agencies.
- Research the company's complaint record.
- Find out what others think about the company's customer service by reading online reviews from current customers.
- Make sure you receive a written policy. This tells you that the agent forwarded your premium to the insurance company. If you don't receive a policy within 60 days, contact your agent and the insurance company.

Find the Best Rates

- Compare quotes from several companies to get the best better deal.
- Ask your insurance agent about discounts. You may be able to get a lower premium if you have safety features in your home, such as deadbolt locks, smoke detectors, an alarm system, storm shutters, or fire-retardant roofing material. Similarly, you may save on car insurance based on your vehicle's safety features, the number of miles you drive, your age, good grades if you're a

student, and your driving record. You might also be able to get discounts if you're a member of civic or alumni associations, or have multiple policies with the same company.

- Consider a higher deductible. Increasing your deductible by just a few hundred dollars can make a big difference in your premiums.

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