

SMART MONEY

YOUR WEEKLY GUIDE TO PERSONAL FINANCE

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There's insurance available for just about everything

PLANNING | Earthquake, illness, theft, liability — the question is what type to buy and how much



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VANCOUVER SUN

Watching your pet get sick on tainted food is bad enough, but not having the money for much-needed medical care can be a nightmare. People who had the foresight to buy pet insurance at least can have peace of mind that if something does happen, their precious poodle or cuddly kitten will be looked after.

Insuring your pet is just one of many ways people can hedge against life's potential misfortunes. Identity theft insurance, which replaces money spent to recover identity and replace identification, is another one.

But just because it's there, does it mean we should get it?

It depends on how much it costs, how much you can afford and how much it means to you.

Aside from car insurance, which is mandatory, one type of insurance everyone should consider getting is apartment insurance, whether you rent or own.

Even if you think you don't have much, it all adds up, said Doug Guedes, president of the Insurance Brokers Association of British Columbia. That's especially true today when most people own computers, iPods, bicycles and digital cameras — all hot targets for thieves.

Apartment insurance covers items both inside and away from home, whether it's down the street or on an around-the-world tour. So if you lose your luggage in Lima or your bike on Broadway, the insurance kicks in.

Some policies may have high deductible amounts — the amount the insured is responsible for before the



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Financial planner Blair MacLean and his wife Barb Lang with their children Janna (left), Erika and Colin. MacLean says the time for insurance is when you have a young family.

insurance kicks in — but that can be changed by adding items to a schedule and paying a little extra, Guedes said.

Home insurance will also cover personal liability if someone hurts themselves at your home, and can pay expenses if you need to move while the home is being repaired, he said.

But if you're running a business from your home, then you'll need special insurance. Most home policies limit how much business property gets covered and usually if it's off premises it's not covered at all, Guedes said. There may also be no lia-

bility insurance if a client trips and falls in your home, he said.

"So you want to make sure that if you are working from home, you have a business policy," Guedes said.

Worried about an earthquake? Well for about \$5 or \$10 more a year you can get \$10,000 coverage, he said.

Travel insurance is another must, Guedes says. While the May issue of *Consumer Reports* out of New York says most travellers don't need insurance, that's not true for emergency medical coverage. Even travelling from province to province, Guedes recommends some extra coverage.

"I wouldn't leave home without it, that's for sure," Guedes said.

There's also boat insurance, cottage insurance and special event insurance, to name a few, Guedes said.

But before insuring absolutely everything you own, you may want to consider another type of insurance — life insurance.

There are many different types of life insurance so asking what kind someone should have is like asking what kind of car they should drive, said Blair MacLean, a registered financial planner with BC Partners in Planning.

MacLean highly recommends insurance for young families where the loss of the main breadwinner could have serious consequences.

A 10-year term policy that will pay out \$500,000 upon the death of the insured could cost less than \$300 a year for a 30-year-old in good health.

"It's dirt cheap," MacLean said.

If one spouse stays at home to look after the children, then the family may want to consider insuring her — and it's usually a her — as well. Because if she dies, the last thing the husband needs to worry about is finding money to pay for someone to look after the children.

Disability insurance works the same way, replacing income that is lost, in this case by injury rather than death.

If you can't afford both life and disability, the choice between the two is a toss-up because it's impossible to predict which event is more likely to happen, MacLean said.

"Quite frankly you probably need both if you're in a situation where you're raising a family," MacLean said.

Most employees covered under a group help plan will have some life and disability insurance. But in the case of death it could be as little as one year's salary, MacLean said.

"With two kids and a wife at home, \$50,000 isn't going to go very far," he said. "You'll probably want more like \$500,000."

There is also critical illness insurance, permanent life insurance, whole life and universal policies and a myriad of other options.

"But at some point you've got to say 'how much insurance do I need?'" MacLean said.

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Coming up: Are you too old for insurance?