

Get Rid of Rip-Off Insurances

Objective: To save thousands of dollars by canceling the eight hidden insurance rip-offs.

Out of the dozen types of insurance, there are eight rip-offs that almost everyone knowingly or unknowingly purchases. Sometimes these insurance contracts are slipped into purchases and loans without the complete awareness of the buyer or borrower. Eliminating or refusing these insurance gimmicks will save you thousands per year.

Time Required: One to two hours.

Instructions: Using the **Top 8 Insurance Rip-offs** worksheet, cancel rip-off insurance and refuse to purchase it in the future.

If you don't already have adequate life and disability insurance and emergency funds, use the savings to purchase the appropriate policies and to establish an account to use for emergency repairs or replacements.

Checklist

Date Completed

1 Search your purchase and loan papers for the **Top 8 Insurance Rip-offs**.

2 Cancel any of the gimmick insurances you are carrying by contacting the lender or contract holder.

Top 8 Insurance Rip-offs

Cancel these extended warranties and gimmick extras and keep an additional \$2,000 to \$3,000 in your pocket per year for the rest of your life. Put the extra money into an interest bearing account you can use for repairs, replacement costs or unexpected emergencies.

If you have good basic coverage and ample emergency funds you probably won't need these 8 additional expenses:

1 Credit Insurance and Mortgage Insurance. These policies are meant to pay off a particular debt, such as a car loan, or your mortgage in the event you die or become disabled. If you are concerned about an additional debt, it is better to use the money to increase your comprehensive health, life and disability-income insurance limits instead.

2 Flight Insurance. If your life insurance covers you in the event of a plane crash, you don't need duplicate coverage. Your credit card company may have you covered also – some companies give you up to \$100,000 in coverage just for charging your ticket on their card.

3 Specific Disease Insurance. A comprehensive health policy and disability-income insurance or a Health Savings Account will offer more complete coverage.

4 Extended Warranties. Ask: What are the odds that the product will break precisely during the time period between when the manufacturer's warranty expires and the extended warranty kicks in, that the cost of the repair will be more than the cost of the warranty, or that I will want to repair the item rather than just purchasing a newer model? Put the money you would have spent into an interest bearing emergency fund.

5 Pet Insurance. Do the math, if the policy isn't an obvious discount for your known costs such as vaccinations, routine medications and procedures, your money may be better spent in helping insure your pet has the necessities for a healthy life such as higher quality foods, proper exercise and safe surroundings.

6 Automobile Manufacturer Extended Warranties. These are rarely worth the cost. The regular manufacturer's warranty will likely cover the major parts for up to three years. If you are concerned about an unreliable model, at least wait until the regular warranty is due to expire, you can usually purchase an extended warranty at any time — you don't have to get it the day you buy your new car.

7 Identity Theft Insurance. This coverage reimburses victims for expenses connected restoring accounts. Fair-credit and banking laws usually help minimize the out of pocket costs and you may already be covered through a credit monitoring service or homeowner policy.

8 Emergency Road Service. This is usually a valuable service that can be purchased for less than \$50 a year. But you may already get it for free – or be paying for it elsewhere. Check your auto insurance declarations page, your automobile warranty and credit card agreements for duplicate coverage.