



# Women and Asset Protection: How Insurance Can Help



***Insurance is an important part of your asset protection plan. A good asset protection plan should attempt to:***

- ***Recognize potential problems before they arise***
- ***Shield your assets from potential legal liability, and***
- ***Protect your property, possessions, and income from creditor claims***

Women are successful professionals, business owners, and knowledgeable investors. At some point in their lives, women may have to manage their own finances due to divorce, widowhood, or remaining single.

Every day, women face a variety of risks to their life, their health, and their property. Although you can't eliminate many of these risks, you can take steps to guard against resulting financial losses. Insurance is the primary way to provide needed protection. It can provide both peace of mind and financial security to you and your loved ones. Many types of insurance are available to help guard against devastating losses.

## **Life insurance**

Life insurance provides funds for your loved ones when you die. If you're a working woman, your income can have a significant impact on the quality of your family's lifestyle, even if you're part of a two-income household. Life insurance protects your family by providing proceeds that can be used to replace your lost income if you die prematurely.

Maintaining a household is a full-time job, and you have many important roles and duties. If you die, your surviving spouse may have to pay for services such as child care, transportation for children, and housekeeping. Proceeds from your life insurance can help your spouse pay for these services.

Many women find themselves providing care for both children and elderly family members. Unfortunately, these added financial responsibilities often continue after your death. Life insurance provides a source of funds that can be used to help pay for these expenses as well.

Life insurance is also important for women business owners. If you die while owning your business, life insurance can be used to provide cash for company expenses such as payroll or operating costs while your estate is being settled. Also, life insurance can be a useful tool for women business owners

structuring buy-sell arrangements or providing benefits to key employees.

## **Health insurance**

Health insurance can safeguard your assets from the high costs of health care. You may lack the financial resources needed to pay medical expenses associated with a health crisis, and the costs of physical exams, prescription drugs, hospital stays, pregnancy, and routine medical conditions can add up and cause you to suffer financial hardship if you must pay for them entirely on your own.

Frequently, women obtain their health insurance through their employer or as a dependent in a family health plan. If health insurance isn't available through an employer, you may be able to obtain coverage through an association, club, or other organization or on your own by purchasing a private health insurance policy directly from an insurance company. Generally, health insurance pays for all or a portion of specified medical costs. The cost and range of protection that your health insurance provides will depend on your insurance company and the particular policy you purchase.

## **Auto insurance**

There are many reasons why you should have automobile insurance. People can be injured and property damaged as a result of an automobile accident. Liability claims against you can put your assets at risk. Loss or damage to your auto can also occur through theft, vandalism, or natural disasters. Auto insurance protects you against these risks.

A personal auto policy is a contract between you and your insurer that specifies each party's rights and obligations. State law and/or your auto lender may require that you purchase at least a minimum amount of coverage. Depending on your circumstances, you may want to buy additional protection. You can compare auto insurance policies in terms of price, coverage, exclusions, and reputation of the insurer.



***Becoming disabled for any significant length of time can dramatically affect your finances. Yet it's not uncommon to underestimate the likelihood of becoming disabled and to overestimate your available resources. That's why disability insurance can play an important role in protecting your income and maintaining your financial well-being.***

## Homeowners insurance

If you own a home, either with someone else or on your own, it's probably one of your most valuable assets. So it's important that you protect yourself against unexpected financial loss to your home and possessions.

Homeowners insurance provides coverage if your home and possessions are damaged or destroyed. It can also provide you with coverage for liability claims, medical expenses, and other expenditures that result from property damage and bodily injury suffered by others. If you have a mortgage on your home, your lender typically will require homeowners insurance.

Even if you own your home outright, you should still consider buying homeowners insurance to protect your interests and safeguard your assets. The cost of homeowners insurance depends on several factors, including the amount of your coverage, any endorsements you add to the policy, and policy deductibles. Condominium and co-op insurance, although similar, differ in some respects from standard homeowners insurance. And if you rent your home, you may want to look into insurance for your contents.

For additional protection, consider umbrella insurance. Umbrella liability insurance (ULI) provides additional liability coverage in excess of the liability coverage provided by other insurance policies, such as homeowners, renters, and auto insurance. By providing liability protection above and beyond these basic coverages, ULI can protect you against the catastrophic losses that can occur if you are sued.

## Disability insurance

The threat of a major disability poses one of the greatest risks to your income. Disability insurance is important in protecting your income, especially if you're not able to work for an extended period of time.

Disability insurance helps protect your income by paying you a benefit that replaces part of your earned income (typically 50% to 70%) when you can't work. You may be able to obtain short-term or long-term disability coverage, or both. In general, disability insurance can be split into three types: private insurance (individual policies bought from an insurance company), group policies typically provided through your employer, and government insurance, such as Social Security disability benefits and social insurance provided through state governments.

If you're applying for benefits under a private insurance policy, you'll probably be subject to a waiting period (elimination period) before benefits are paid.

## Long-term care insurance

Your chances of needing long-term care increase as you get older. It's particularly important for women to plan for the potential expenses of long-term care since they are more likely to need long-term care than men due to longer life expectancy.

Long-term care insurance pays a selected dollar amount per day (for a set period) for the type of long-term care described in the policy. Depending on the benefits you select, care can be provided in a variety of settings, including your residence, assisted-living facilities, adult day-care centers, hospices, and nursing homes. Most policies pay benefits when the insured experiences certain physical or mental impairments. The cost of insurance is based on the insurer, the age of the insured, the health of the insured, and the benefits selected.

## Business insurance

Owning a business often requires you to make a significant investment of your time and finances. You don't know what difficulties may lie ahead for your business, so you need to be protected.

Whether you are just starting a business out of your home, or you manage a multimillion dollar enterprise, no matter how careful you are in running your business, accidents happen. As a business owner, you may be interested in several different types of insurance coverage: property and casualty insurance, liability insurance, and group health, life, and disability insurance coverage for you and your employees. You can buy these types of insurance separately, or you may be able to purchase a package of insurances covering many different potential hazards.

## A last word on insurance

The bottom line is if you haven't developed and implemented an asset protection plan, your wealth and assets are vulnerable to potential future creditors, and you could suffer significant financial hardship. Insurance can be a vital asset protection tool in your arsenal against the many different risks that could result in devastating losses.

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