



# FINANCIAL WISDOM

- WEALTH MANAGER -

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## The Five Insurance Must Haves

**Insurance is, and has always been, a tool to manage risk. If you cannot afford to 'lose' something, it is best to insure it. As with many other financial situations, there are various solutions designed to protect against financial losses. The five types of insurance everyone should have are:**

**Life Insurance** – The primary reason to have life insurance is to replace an income that will be lost on death and to meet financial obligations that are left behind. No person's debts should last longer than them and life insurance can be a very economical way to pay them off if you die too soon. Also, it is becoming more common for people to carry significant debt into their retirement.

If someone is relying on your income, they will also need it when you die. While a single person may not need much life insurance - perhaps enough to take care of their last expenses - many seniors are relying on their adult children for financial help.

**Accident and sickness insurance** – Your lifestyle is determined by your income. If you were hurt or became sick and couldn't work for an extended period of time, how would you be affected financially? Disability insurance can replace a portion of your income to help meet your daily needs.

A critical illness, like cancer, heart attack or stroke, can bring additional expenses that your disability insurance may not adequately cover. Critical illness insurance can pay a lump sum to help you through a medical crisis.

If an illness or cognitive impairment prevents you from looking after yourself, you may need long-term care at home or in a facility. Long term care insurance can help meet the cost of professional help.

**Health and dental insurance** – Provincial health care insurance provides for our basic health care needs, but it does not cover such things as prescription drugs, ambulance services or dental care. Many employers provide group coverage for their employee's health care needs. Individual plans are also available and can help cover health care costs.

**Automobile insurance** – While this insurance is required in every province, some drivers may be under-insured. Have you paid proper attention to the replacement cost of your vehicle or left yourself exposed to a liability if you are at fault in a collision? Your vehicle is worth only so much, but a liability claim can run into the millions. If you run a stop sign while chatting on your mobile phone and cause someone a serious brain injury, a judgment could be well more than your liability coverage.

**Homeowner or renters insurance** – We've all read news stories about someone's house burning down and they didn't have insurance. If you rent, be aware that your landlord may have insured the building you live in, but you are responsible for your contents. These policies also provide liability coverage in case someone gets hurt on your property and you get sued. If you can't afford to replace all your belongings today or compensate someone for their injuries, you need insurance protection.

**Questions about your insurance needs? Give us a call!**

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The rate of return is used only to illustrate the effects of compound growth and is not intended to reflect future value of an investment fund or returns on an investment fund.