

Keep Your Insurance Costs Low, Follow Jack La Lanne

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On September 26th of this year Jack La Lanne celebrated his 90th birthday. Go to his web site and you will be taken back in time, to before there was color television, when he, his wife Blaine, and their big white dog Happy became America's first fitness evangelists. I still remember playing in front of the T.V. while Jack barked out the repetitions as he did his calisthenics. When you think of Jack La Lanne probably you think of exercise, juicers, and the continual challenge to remain healthy and vibrant as the human body ages. However, maybe we can learn a few things from Jack when it comes to keeping our insurance costs low.

Bring up the topic of medical insurance and you are sure to get a few groans from those around you. I mean, who hasn't seen their medical insurance go up significantly the past couple of years. But if we want to keep our insurance costs low I would suggest that one of the first steps to take is to live a healthy lifestyle. Next, select a higher deductible on your policy and then self-insure the deductible by keeping that dollar amount tucked away with your emergency funds.

Insurance companies appear to be more sensitive to the number of small claims that are being filed, and as a result they are increasing premiums and even dropping those clients who have numerous small (and large) claims. (Besides his annual physical check-ups, I doubt Jack La Lanne frequents the doctor's office much during the year.) No matter what type of insurance you have, medical, auto and/or property, be conscientious of the number of small claims you are making because a high claim rate may be affecting your premiums.

Skimping on your insurance plan(s) is probably not a good idea. Consider how much it would cost to replace everything you own if it was lost in a fire or imagine the bill after a serious illness. Now ask yourself if you have the cash to write a check for that much. You see, the idea is to use insurance companies to carry a part of that risk for you. It is not uncommon for renters to forget to have their belongings insured. It seems like every year you hear about a family whose apartment catches fire and loses everything, when renters insurance tends to be very affordable. In the long run, paying for insurance is generally much cheaper than covering the bill yourself.

When was last time you reviewed your insurance policies? How has your life changed since then? Do you now have too much insurance coverage or is it not enough? The point is, we should purchase the insurance we need, and that requires taking a periodic assessment of our situation to ensure we are covered to the extent necessary. A basic checklist would include your auto, medical, and homeowners insurance. What about disability insurance in case you are no longer able to work, or long-term care insurance should your family be unable to take care of your physical needs. Finally, do you have coverage beyond auto and homeowner's insurance in case you are sued?

When it comes to life insurance, people tend to select an insurance amount based on the premium costs they think they can afford, not the death benefit they need. We don't typically use this approach when it comes to insuring our homes or our cars, so this approach doesn't really make sense with life insurance either. The best method is to conduct some type of needs analysis first (your financial advisor should be able to help you with this) and then shop around for different insurance solutions

that will help you to maximize your dollars over your specific time horizon. For example, should you use term-insurance or would it be better to pay extra for a whole life policy that has an investment component to it?

Don't decide on an insurance policy based solely on its price. You will want to make sure that the company is highly rated and financially sound. You want to make sure that the insurance company will be there if/when you need them. Consider using the same company for your various insurance needs. You may get a better deal by having more than one policy with the same company. However, be aware that some companies may be strong in one area such as auto insurance but weak in life and health insurance.

Having insurance is all about managing risks, and Jack La Lanne has been actively managing his health risks for Over 60 years. An insurance company probably loves to insure a guy like that, but then again his life insurance costs are probably lower than someone who has not taken care of themselves like he has. We could all take a lesson from him. Happy Birthday, Jack La Lanne.