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You are part of the work force and out on your own. Establishing a solid financial

foundation should be a priority, including insurance in the mix. It's important to understand what affects the cost and availability of insurance. If you have accidents, insurance will increase in cost. Financial instability, getting smothered by credit card debt, is frequently a predictor of future insurance losses. As a result, an insurance company may see additional risk, making it more difficult to get coverage at the best possible price. Conversely, if we take care of ourselves and protect what we own, insurers will see good insurance risks and are more likely to compete for your business.

AUTO

What you pay for auto insurance depends on several factors: prior claims; driving record, including speeding and other traffic citations in recent years; and the kind of car, how many miles and where you drive. For example, people who generally drive to and from work in or near a major city will tend to pay more for auto insurance than drivers who live in rural areas, have short commutes and primarily use their cars on weekends for pleasure travel. A car that is popular with thieves or has expensive repair costs will cost more to insure. You can lower your insurance premium by raising the deductible, installing anti-theft devices, and dropping collision coverage if it's an older car.

HOME

People who rent their home often make the mistake of thinking that the landlord's insurance covers their

possessions in case of a fire or other catastrophe. Not true, you need your own insurance. Relatively inexpensive, renters insurance protects the things that you own. It provides liability coverage, protection from lawsuits resulting from harm that you, your pets or your family cause to other persons or damage to their property. Renters insurance also helps you establish a good insurance track record, or loss history. If you show that you are a responsible insurance risk, you'll have no trouble getting insurance when you eventually buy your own place.

If you are living in a condo or coop, you depend on two insurance policies for protection: your own coverage and the insurance purchased by the condominium or co-op board for the common areas of the property that you share with the other owners, like the roof, basement, elevator, boiler and sidewalks. The condo or co-op association may be responsible only for insuring a unit up to its bare walls, floor and ceiling. The owner may have to insure kitchen cabinets, built-in-appliances, plumbing, wiring, bathroom fixtures and so on. Read the association's bylaws and/or proprietary lease to better understand where the association's responsibility ends and yours begin.

If you're buying a home, and have a mortgage, in most cases you will need to purchase homeowners insurance. The cost will vary according to the size and construction of the home; where it is (proximity to the coast or other natural hazards, e.g. fault line, wildfire zone); fire safety features; anti-theft devices; and the property's loss history. Insure your home for the cost of rebuilding it, not the market price. And make certain that the value of your insurance policy is keeping up with increases in local building costs.

LIFE

Your parents probably have life insurance which will be part of their estate. But now that you are on your own, you have to think about your own insurance needs. When you are young, your life expectancy is high, which means the cost of life insurance is low. Life insurance becomes increasingly important if you have others who depend on you, including aging parents.

HEALTH

Once you are out of school or older than 23, your parents' health plan won't cover you. As you sort through job prospects, it's tempting to go for the opportunity that puts the most dollars in your pocket. Health coverage is perhaps the most important job-related benefit you can get. Many companies have coverage through a managed-care plan, which means that many decisions, including which physicians are included in the network, are made by the healthcare provider. Others have more flexible plans that allow their employees to choose their physicians. In both cases, the employee is responsible for some co-payments which help keep costs under control.

DISABILITY

When we are young, we feel indestructible. In fact, at this stage, we are four times more likely to be disabled than die. Many employers offer an option of disability coverage, which provides for lost income if you are injured as a result of non-work activities and unable to work. Most large businesses offer disability coverage. Smaller businesses may not. If the injury is work-related, then workers compensation coverage applies.

LONG-TERM CARE

The good news is we are living longer. The challenge is how we as a society will meet the expanded need for care for an aging population. In many cases, the immediate question is how to best care for aging parents. Increasingly, late in life, children serve as guardians for their parents. There are many options for custodial care, ranging from in-house care to nursing homes. As a general rule, for everyone in your family, the earlier

you consider buying long-term care coverage, the cheaper it will be.

FINANCIAL PLANNING

You may not be making a lot of money, but it's probably more than you've had before. You have an apartment to furnish, a wardrobe to build and perhaps student loans to pay off. It's also important to save money. Most financial experts emphasize that, even if you start small, becoming a saver or investor earlier in life and keeping it up during your peak earning years is very important. Put some money away regularly, even if it is only a small amount. Treat it as a bill and pay yourself along with your other obligations. This can be a rainy day fund or be for a specific purpose, such as a down payment on a home or car.

If your employer offers a 401(k) at work with matching funds, sign up for the maximum if you can. It's free money.

At this point, it's also important to know what not to do. We live in a "credit-card society" and are bombarded with advertising that suggests we can have it all right now – the clothes, the car and the fast lane. It sounds old-fashioned, but living within your means is important. Maintaining a good credit rating will help you get the best rate when you apply for a home or car loan. It can help you get a better job or apartment. It can even save you money on your insurance.

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