Insurance you probably don’t need

as posted at **money.cnn.com**
By Gerri Willis, CNN
January 31 2007

NEW YORK (CNNMoney.com) — Earlier this week, we told you how to cut your fees. Now, how to save more money on your insurance.

Here are some insurance policies you should think twice about.

1: Skip the cancer insurance

This kind of insurance is meant to supplement health insurance for cancer-care costs. But generally you’re better off putting your money toward comprehensive health policies.

Premiums range from $200 to $3,000 a year for cancer insurance, according to Consumer Reports. And some policies only pay for hospital care. This is a big deal considering that cancer care treatment is given on an outpatient basis…including radiation and chemotherapy.

Some policies have waiting periods of a month – and if you’re diagnosed with cancer within that time, you may not be covered. Other policies stop paying benefits after a fixed period of two or three years. And sometimes you won’t even be able to get this insurance if you smoke.

2: Say “no” to Mortgage Life insurance

This kind of insurance policy will repay your mortgage in the event of your death, disability or some incapacitating disease. But the cost of this policy can be three to five times as much as comparable term-life insurance, according to Consumer Reports.

Plus, the value of this insurance actually declines as you pay down your mortgage. If you're worried about burdening your heirs with mortgage payments, you'd be better off buying straight life insurance.

3: Forget ID theft insurance

This kind of insurance is sold by banks, credit-card issuers, and specialty insurers. It covers the cost of repairing your credit and sometimes attorney's fees. Policies can cost between $25 and $50 for up to $25,000 in coverage.

But remember getting this insurance isn't going to fix your credit or give you back the thousands of dollars stripped from your bank accounts.

In fact, a recent study found that most ID theft victims lost about $750 – but incurred no out of pocket costs. The ID Theft Resource Center even noted that they've never heard of a claim being paid out. And don't forget, you have some consumer protections in place already.

You're only liable for $50 for unauthorized credit card purchases. The bottom line is that you'll be much better off keeping an eye on your credit reports.

4: Be wary of Annuity Fees

Buying an annuity may seem like the next best thing to mom's apple pie. After all, you're putting away as much tax-deferred money as you can and getting a monthly check for life. And since annuities are marketed heavily, it's no doubt, you'll get a rosy picture of these investment vehicles. But you'll really want to keep an eye on those fees and withdrawal penalties.

On average, you'll pay about 2 percent to 2.35 percent in basic fees for a variable annuity, compared with 1.40 percent for the average mutual fund. And don't forget, you'll have to pay the taxman sooner or later. And remember, annuities are not guaranteed by the government. Make sure you check the credit worthiness of the insurance company, says Dave Evans of Independent Agents and Brokers of America.