Play Your Cards Right

Credit-card insurance is available to some PWAs

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A little-known source of no-questions-asked insurance against bill-paying troubles often sits right on your credit-card invoice, just a checked box away. Many credit-card companies contract with insurers to cover card balances against disability and death. (If it's not offered, ask.) But read the fine print carefully.

"Pre-existing condition" clauses usually apply to credit disability, but not credit life insurance. For disability coverage, you may have to be covered at least six months before disability, and there may be a postdisability waiting period before coverage begins. Check for time limits on coverage; some only pay the minimum balance for one or two years.

The cost can vary by a factor of three. Rates are quotes as X cents per month per $100 of balance due. This looks small but can add up. Consider not using insured cards until disability seems like a possibility, because the premium is charged *only* if there's a balance. But do use the cards at lease once yearly to keep them active.

To get the disability benefit, most cards require a monthly physician's report. Some doctors object; others charge a fee. It's a hassle in any case.

Many creditors will simply drop moderate-size balances when notified of permanent disability. Most states prohibit creditors' attachment of disability income-but not of bank accounts. So it's wise to keep very little on deposit. But be aware that if you do get your balance expunged, your credit record will take a hit.

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