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Ways To Lower Your Auto Insurance Costs

Insurance Information Institute



One of the best ways to keep your auto insurance costs down is to have a good driving record.

Listed below are other things you can do to lower your insurance costs.

1. Shop Around

Prices vary from company to company, so it pays to shop around. Get at least three price quotes. You can call companies directly or access information on the Internet. Your [state insurance department](#) may also provide comparisons of prices charged by major insurers. ([State insurance department phone numbers and Web sites](#) can be found [here](#).)

You buy insurance to protect you financially and provide peace of mind. It's important to pick a company that is financially stable. Check the financial health of insurance companies with rating companies such as A.M. Best (<http://www.ambest.com>) and Standard & Poor's (<http://www.standardandpoors.com/>) and consult consumer magazines.

Get quotes from different types of insurance companies. Some sell through their own agents. These agencies have the same name as the insurance company. Some sell through independent agents who offer policies from several insurance companies. Others do not use agents. They sell directly to consumers over the phone or via the Internet.

Don't shop price alone. Ask friends and relatives for their recommendations. Contact your state insurance department to find out whether they provide information on consumer complaints by company. Pick an agent or company representative that takes the time to answer your questions. You can use the checklist on the back of this brochure to help you compare quotes from insurers and on the same coverage.

2. Before You Buy a Car, Compare Insurance Costs

Before you buy a new or used car, check into insurance costs. Car insurance premiums are based in part on the car's sticker price, the cost to repair it, its overall safety record, and the likelihood of theft. Many insurers offer discounts for features that reduce the risk

of injuries or theft. These include daytime running lights and anti-theft devices. To help you decide what car to buy, you can get information from the Insurance Institute for Highway Safety (www.iihs.org).

3. Ask for Higher Deductibles

Deductibles are what you pay before your insurance policy kicks in. By requesting higher deductibles, you can lower your costs substantially. For example, increasing your deductible from \$200 to \$500 could reduce your collision and comprehensive coverage cost by 15 to 30 percent. Going to a \$1,000 deductible can save you 40 percent or more. Before choosing a higher deductible, be sure you have enough money set aside to pay it if you have a claim.

4. Reduce Coverage on Older Cars

Consider dropping collision and/or comprehensive coverages on older cars. If your car is worth less than 10 times the premium, purchasing the coverage may not be cost effective. Auto dealers and banks can tell you the worth of cars. Or you can look it up online at Kelley's Blue Book (<http://www.kbb.com>). Review your coverage at renewal time to make sure your insurance needs haven't changed.

5. Buy your Homeowners and Auto Coverage from the Same Insurer

Many insurers will give you a break if you buy two or more types of insurance. You may also get a reduction if you have more than one vehicle insured with the same company. Some insurers reduce the rates for long-time customers. But it still makes sense to shop around! You may save money buying from different insurance companies, compared with a multi-policy discount.

6. Maintain a Good Credit Record

Establishing a solid credit history can cut your insurance costs. Insurers are increasingly using credit information to price auto insurance policies. To protect your credit standing, pay your bills on time, don't obtain more credit than you need and keep your credit balances as low as possible. Check your credit record on a regular basis and have any errors corrected promptly so that your record remains accurate.

7. Take Advantage of Low Mileage Discounts

Some companies offer discounts to motorists who drive a lower than average number of miles a year. Low mileage discounts can also apply to drivers who carpool to work.

8. Ask about Group Insurance

Some companies offer reductions to drivers who get insurance through a group plan from their employers, through professional, business and alumni groups, or other associations. Ask your employer and inquire with groups or clubs you are a member of to see if this is possible.

9. Seek Out Other Discounts

Companies offer discounts to policyholders who have not had any accidents or moving

violations for a number of years. You may also get a discount if you take a defensive driving course. If there is a young driver on the policy who is a good student, has taken a drivers education course or is at a college out of the area without a car, you may also qualify for a lower rate.

State Insurance Departments and Web sites

When you comparison shop, inquire about discounts for the following:*

- \$500 deductible
- \$1,000 deductible
- More than 1 car
- No Accidents in 3 Years
- No Moving Violations in 3 Years
- Driver Training Courses
- Defensive Driving Courses
- Anti-Theft Devices
- Low Annual Mileage
- Air Bags
- Anti-Lock Brakes
- Daytime Running Lights
- Student Drivers with Good Grades
- Auto and Homeowners Coverage with the Same Company
- College Students away from Home
- Long-Time Customer
- Other Discounts

The key to savings is not the discounts, but the final price. A company that offers few discounts may still have a lower overall price.

*The discounts listed may not be available in all states or from all insurance companies.

For more information, call the National Insurance Consumer Helpline (NICH) at 1-800-942-4242

Reviewed by:

Consumer Federation of America
<http://www.consumerfed.org/>

Federal Citizen Information Center
<http://www.pueblo.gsa.gov/>

National Consumers League

<http://www.nclnet.org/>

Cooperative State Research, Education, and Extension Service, USDA

<http://www.csrees.usda.gov/>

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