

How Do You Get the Most for Your Money?

11 Ways to Save Money on Your Car Insurance

By Jay Stoetzer, Auto Insurance Specialist

So you're shopping around for auto insurance. What do you need to know? Well, there are lots of ways — at least 11 — that you can save money. Many of these money-saving ideas may apply to you.

1. One Insurer, Multiple Policies — Do you have a homeowners or renters insurance policy? If so, is it with the same insurance company that provides your auto insurance? If the answer is no, you're paying too much — for both policies. Almost every insurance company that sells auto insurance wants its policyholders to also buy homeowners or renters insurance from that company. These insurers offer so-called multi-policy discounts. Usually, these discounts are at least 10%, and some insurers apply the discounts to both the auto and the homeowners/renters policy.

Tip: Talk to your agent about multi-policy discounts.

2. Good Driver, Good Price? — It's no secret that the better your driving record, the less you will pay for auto insurance. But did you know that most people qualify as "good drivers" and are eligible for discounted premiums? Some good drivers pay a lot more than others, however. Many auto insurers are actually a collection of several insurance companies in which each caters to a certain type of driver. The worst drivers go in one company, the best in another, and a lot of people wind up in one of the middle companies — paying more than the best tier even with records just as good. Why? Usually because no one told them which insurance company in the group had the best prices. If you have a spotless driving record, there's no reason you shouldn't be paying the lowest price a group of insurance companies has to offer.

Tip: Make sure you're getting the best discount for your driving record. Talk to your agent. And remember — be a safe driver. It will save you money.

3. The Beauty of the Bus (or Other Mass Transit) — Do you drive to and from work? If you do, you are literally paying a premium to do so. Insurance companies charge you significantly higher premiums if you drive to work. And the longer your commute (in miles, not minutes), the higher the premium.

Tip: Some drivers should consider mass transit. Yes, there's a price there too — but you will reap the savings of gas and lower insurance costs.

4. Low Mileage, Low Price — On average, people drive 1,000 to 1,250 miles a month. That is what insurance companies consider average use.

Tip: If you drive less than the average, you could be eligible for low-mileage discounts, which some insurers offer.

5. High-Profile, High-Cost — The type of car you drive is a major factor in what you pay for insurance. Is your vehicle a magnet for thieves? Is it more expensive to repair than most cars? If the answer to either question is yes, you're paying more than the average car owner for insurance.

Note: To get detailed information on your vehicle(s) — or a vehicle you're thinking of buying — give our office a call. We can look up the rating for any vehicle, free for our clients.

6. Raise Your Deductible — The deductible is the amount you pay before insurance kicks in if you have a claim. For example, if you have a \$250 deductible and you have an accident in which your car sustains \$1,000 in damage, you pay the first \$250 and your insurer pays the balance, \$750. The lower the deductible you choose, the more you pay. If you have assets, you can probably afford to absorb at least \$250 and probably \$500 if you have a claim.

Tip: If it's been years since you've had an accident, you may be better off raising your deductible and paying less each year for insurance.

7. Drop Unnecessary Coverages — Let's say you have an older car, one not worth very much. There's really little point in having collision and comprehensive coverage — you don't have much to protect. Remember, too, that you have to subtract your deductible from any potential payout you might get.

Tip: As a general rule, any car worth less than \$1,000 shouldn't have collision and comprehensive coverage. Between the deductible and the extra expense of these coverages, the cost is probably greater than the benefit. An auto dealer or valuation guide can tell you what your car is worth.

8. Discounts, Discounts, Discounts — Auto insurance companies offer several discounts for a variety of reasons: the car has automatic seat belts, air bags, anti-lock brakes, anti-theft devices, etc. The driver is a good student — which is especially valuable if you have teenage children on your policy.

Tip: Make sure you are taking advantage of all the discounts available to you!

9. Taking the Defensive — Many insurance companies also offer discounts to those who have taken defensive driving courses recently.

10. Low-Cost and High-Cost Areas — Are you planning to move? If you are, you should take into account the cost of insurance. Generally, the more urban the area, the higher the premium. The costs can vary even within a community.

Fact: Rates can really vary from state to state. In some states you'll pay several times more, on average, than in others.

11. Credit Where It Is (Or Is Not) Due — Is your credit record better than your driving record? If you have a good credit record, you could be eligible for discounted premiums from several auto insurance companies. Many insurers now use your credit history as a major factor in determining what to charge you. In some cases, you could save money by shifting your business to an insurer that uses credit as a rating factor — even with a so-so driving record. There's another side to this coin: if you have a poor credit history, you could save money by moving your auto insurance to a company that does not use credit as a rating factor.

Tip: Regardless of your credit status, talk to your agent to make sure you have the best situation given your credit record, good or bad.

Whatever your driving record or coverage needs, you should shop around — or let an experienced insurance professional shop around — for the best deal for you. There are literally thousands of coverage options from hundreds of insurance companies. And not only should you get the best deal you can, you also need to make sure you have all the coverage you want and need. Using an independent insurance agent is usually your best bet to get the most value for your auto insurance dollar.

We take a personal interest in our customers. We like to share information that helps you protect yourself and your family from financial loss. If you have any questions regarding this information or your insurance coverage, please don't hesitate to give me a call at 816-384-7738 or e-mail me personally at jay@insure247.com.