

How To Lower The Cost of Auto Insurance

One of the very best ways to hold down the cost of insuring an automobile is to have a good driving record. There are many other things that go into determining how much an individual will pay for auto insurance, here are some suggestions that might keep your premiums from rising:

1. Shop Around

Competitive price-shopping is very common and prices vary from company to company. When pricing insurance, look for an Independent Insurance Agent that can offer you as many options as possible. This agent may save you money by moving you from your current insurance company to another one. It may be useful to get at least three price quotes. Price is not always everything. You buy insurance to protect you financially and provide you with peace of mind. It's important to select an insurance company that is financially secure. Check the financial status of an insurance company with rating organizations such as A.M. Best (<http://www.ambest.com>) and Standard & Poor's (<http://www.standardandpoor's.com>).

2. Before You Buy A Car, Compare Insurance Rates

Before you purchase that new or used car, check into the cost of insuring that particular model. Insurance companies often insure certain vehicles based on its overall safety record (which cars do better in crash tests) and safety equipment (anti-lock brakes, traction control, head and side airbags, etc.). Many insurers offer discounts for features that reduce the risk of injuries or theft (some vehicles rank high on the theft list). To help you decide what car to buy, go the website of 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 a higher deductible, you could 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 might save you up to 40 percent or more.

4. Reduce Coverage On Older Cars

Consider dropping collision and or/comprehensive coverages on older cars. If you feel your car is worth less than 10 times the premium, purchasing the coverage may not be cost effective. Auto dealers and banks usually can tell you the worth of your car. You can also find used car prices online at Kelly's Blue Book (<http://www.kbb.com>). Always remember to review your coverage at renewal time to make sure your insurance needs haven't changed.

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5. Purchase Your Homeowners and Auto Insurance From The Same Insurer

Many insurance companies will give a break if you buy more than one type of insurance. Consider insuring your home and car with the same insurer (it's called multi-policy discounts). You may get a deduction in rates if you have more than one car insured with them. Some companies also reduce rates for long-term customers with good driving records.

6. Maintain A Good Credit Record

Establishing a good credit history can reduce your insurance costs. Insurance companies 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 any errors corrected immediately so that your remains accurate.

7. Above All, Be A Safe Driver

Most insurance experts agree that a clean driving record is the best prevention from seeing your insurance rates rise through the roof. Nothing will raise rates faster and keep you paying higher premiums than a driver who is considered a "high risk". That driver is usually one who has a considerable amount of moving violations (speeding, accidents involving more than one car). Reckless driving and driving under the influence of alcohol can result in possible cancellation of your insurance policy; it can also send you to jail.