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Block: Car insurance costs driving you crazy? Here's how to save

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As the price of gas accelerates toward \$4 a gallon, perhaps it's time to think about another painful cost of driving: auto insurance.

After falling or remaining flat through 2007, average auto insurance premiums rose during the first quarter of this year, a new survey by Insurance.com, a Web site that lets consumers compare insurance quotes, found.

Rates increased by an average of 1.05 percent in the quarter and are likely to continue rising through the rest of the year, says Sam Belden, consumer director for Insurance.com.

Robert Hartwig, president of the Insurance Information Institute, concurs that auto insurance rates rose during the first quarter but says the increase added only \$8 to \$9 to the average consumer's annual bill.

A big expense

Still, whether your rates are rising or remaining flat, auto insurance is a big expense.

In 2005, the latest year for which figures are available, the average annual cost of auto insurance was \$829, according to the insurance institute. Fortunately, there are steps you can take to lower your insurance rates.

The first, and most important, is to drive as though your mother were sitting in the passenger seat. Even one speeding ticket could raise your insurance premium.

Conversely, many insurers will lower your rate if you haven't had an accident or been ticketed in the past three to five years. Other tips:

If you have a \$200 deductible on your policy, raising it to \$500 could reduce the cost of collision and comprehensive coverage by up to 30 percent. Raising your deductible to \$1,000 could lower your premium by 40 percent or more, according to the institute.

Just make sure you have enough money put aside to cover the higher deductible amount in case you're in an accident.

Many insurers provide a discount of up to 15 percent for teenage drivers with a B average or higher in school, Belden says. Some also offer a 5 percent to 10 percent discount for policyholders who take a defensive driving course.

Carpool if you can

If the price of gas has led you to join a carpool or to take the bus to work, talk with your insurer, because you might be eligible for a low-mileage discount. You'll probably need to provide documents to support the change in your driving habits.

And if you're in the market for a new insurance policy, a low-mileage discount "is definitely something to ask about when you're shopping around," says Bob Passmore of the Property Casualty Insurers Association of America, an industry trade group. "If you've got a car you only drive back and forth to church on Sunday, you want to make sure they know that."

Premiums vary significantly from one type of car or truck to another, Belden says. Insurers review several factors, including repair costs, the likelihood the vehicle will be stolen and the model's safety record. You can check out different vehicles' "crashworthiness" ratings at the Web site for the Insurance Institute for Highway Safety, www.iihs.org.

"With insurance costs already being substantial and becoming more expensive, insurance should be part of a car-buying process, not an afterthought," Belden says.

If you're considering switching insurers, start looking for a new policy well before your current policy comes up for renewal.

Many insurers provide an "early shopping" discount of up to 12 percent, Belden says. The reason? Insurers view someone who looks for a new policy ahead of time "as being a responsible consumer, as opposed to someone who's in trouble with their current company," he says. But always make sure you've got your new coverage in place before you cancel your old policy.

Don't even think about driving without insurance.

Yes, auto insurance is expensive, and times are tough. But driving while uninsured will cost you a lot more in the long run. Insurers regard people who go without insurance as high-risk drivers. That means you'd pay higher premiums for insurance if you tried to buy it in the future.

Shop around

The auto insurance industry is competitive, so get at least three quotes before you buy a policy. You can shop for quotes at Web sites such as www.insurance.com, www.insure.com or www.esurance.com, or by working with an independent insurance agent.

Your state insurance department can help you find out whether there have been complaints against insurers that operate in your state. For more information, go to the consumer Web site for the National Association of Insurance Commissioners, www.insureonline.org.
