

Drive down your automobile insurance costs

by Jason Alderman

I hate writing checks for automobile insurance. It always seems like money down the drain - that is, until you need it; then, insurance can be a lifesaver. But that doesn't mean you shouldn't try to get the best deal possible. You wouldn't buy a new television without comparison shopping, nor should you automatically reenroll in the same policy year after year - at least not without considering your other options.

Here are a few cost-savings suggestions to keep in mind:

Raise your deductible. Many people choose a low-deductible policy, thinking it'll cost less should they need to file a claim. But if you raised your deductible from \$250 to \$1,000, your premium could drop 15 percent to 30 percent or more. Because you probably wouldn't file a claim for a minor fender-bender (for fear your rates would rise dramatically), you could save that \$750 difference through reduced premiums in a few short years.

Shop around. Insurance companies are eager to win your business, particularly if you're a low-risk driver with a good record, so don't be afraid to compare rates. Many Web sites will give you quotes from different insurers online, including www.insweb.com, www.progressive.com and www.insureone.com. Just be sure you're comparing apples to apples, since different companies may package their coverage differently.

Many people prefer to buy insurance through an agent knowing he or she will act on their behalf when filing claims, negotiating rates and so on. That doesn't mean you can't do some research yourself and ask your agent to match the coverage and rates.

Ask for discounts. Most insurance companies offer premium discounts for things like low annual mileage, a clean driving record, taking defensive driving courses, being over age 50 or 55, installing an alarm or vehicle tracking system, parking in a secure lot, working in specific industries, or buying your homeowner's or renter's insurance from the same company. And, if your kids maintain a B average or live more than 100 miles from your home with no car, that's usually good for a discount as well.

Watch your credit rating. Most insurance companies use some form of credit information to help determine your rates, assuming that the more responsible your credit history, the less likely you are to cause an accident or make late payments. So, review your credit reports periodically to correct any mistakes. If you know that your credit rating has improved, ask your insurance company to recheck it at renewal time.

Buy the right car. Certain cars are far more expensive to insure than others: Sports cars (or rather, their owners) tend to be involved in more speeding tickets and accidents than family sedans, SUVs typically cause more serious and expensive damage in collisions, and certain models are far more likely to be stolen. Keep these factors in mind the next time you go car shopping and check insurance rates before buying or leasing. Practical Money Skills for Life, a free personal financial management site sponsored by Visa USA contains a comprehensive guide to considerations for buying a car (www.practicalmoneyskills.com/car).

Many people save hundreds of dollars by comparison shopping for insurance. Shouldn't you be one of them?

Jason Alderman directs the Practical Money Skills for Life program for Visa USA. To sign up for a free monthly personal finance e-Newsletter, go to www.practicalmoneyskills.com/newsletter. As always, consult a financial professional regarding your particular situation.

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