



How to save money on car insurance

When it comes to lowering your auto premiums, youâ€™re in the driverâ€™s seat

Auto Insurance

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Having adequate car insurance is both smart and prudent, but there's no question that it adds to the expense of driving. The good news is that premiums can vary by hundreds of dollars depending on a number of factors. Review your coverage at renewal time to make sure your insurance is in step with your needs, and follow these practical steps to reduce the bottom line on your auto policy.

Shop around for your car insurance

Prices differ from company to company, so it pays to shop around.

Get at least three quotes, from both different insurance companies and different *types* of insurance companies—that is, those that sell through their own agents; those that sell through independent agents; and those that sell directly to consumers via the phone, an app or the Internet. Ask friends and relatives for their recommendations based on their experiences, and do your own due diligence by researching the company before committing.

Understand auto insurance enough that you can ask a prospective insurer informed questions. Anyone you speak to should take the time to answer to your satisfaction. Remember, these are the people you'll rely on if the worst happens and you need to make a claim.

Keep in mind that the lowest price isn't always the "cheapest" option. Make sure the company you choose is reputable, and that you're comfortable with the service you get from the insurance professionals you speak to. Your state insurance department or online consumer information sites may provide information on consumer complaints by company to help you choose the right insurance company for your needs.

Compare insurance costs *before* you buy a car

Auto insurance premiums are based in part on the car's 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 car theft or personal injuries, or for cars that are known to be safe. When you're comparing new or used vehicles to purchase, also research what each will cost to insure. To start, you can check safety rankings for specific models with the Insurance Institute for Highway Safety's (IIHS) online Top Safety Pick ratings tool.

Raise your deductible

By choosing a higher deductible on your car insurance, you can significantly lower your premium costs. Of course, be sure you have enough money set aside to pay the higher deductible in the event you have a claim.

Reduce optional insurance on your older car

As a rule of thumb, if your older car is worth less than 10 times the insurance premium, having collision and/or comprehensive coverage may not be cost effective. To find out whether this is true for you, check the value of your car. You can look up what your car is worth for free on websites such as Kelley Blue Book, National Association of Auto Dealers (NADA), and TrueCar. Â Â

Bundle your insurance and/or stick with the same company

Many insurers will give you a discount if you purchase two or more types of insurance from them—such as homeowners and auto—or have more than one vehicle insured. Some companies offer a price break to longtime customers. There are no guarantees so do your homework and compare costs for a multi-policy discount from a single insurer with buying your insurance separately from different companies.

Maintain a good credit history

Establishing a solid credit history has many benefits, including lower insurance costs. Many insurers use credit information to price auto insurance policies. (Research showsÂ that people who effectively manage their credit make fewer claims). To be sure you—re getting the good credit you deserve, it—s a good idea to check your credit record on a regular basis to be sure all information is accurate.

Take advantage of low mileage discounts

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

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 from other associations. Check with your affiliated organizations to see what they offer.

Seek out other discounts

There are other discounts that your insurer may offer to policyholders. For example, some companies offer discounts to those who've not had any accidents or moving violations during a specified period, or who have taken a defensive driving course. If there is a young driver on your policy who is a good student, has taken a drivers education course or is away at college without a car, you may also qualify for a lower rate.

Ask your insurer what discounts you might qualify for, but keep in mind that what's important is the final cost of your policy. A company that offers few discounts may still be able to give you a lower overall premium price.

Additional resources

- Insurance Institute for Highway Safety—s (IIHS) Top Safety Pick ratings tool
- Kelley Blue Book
- National Association of Auto Dealers (NADA)
- TrueCar

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Next steps: When shopping for car insurance, have this information ready.

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