

AUTO INSURANCE

## Take Your Policy into the Shop

BY KATE ASHFORD

When it's time to renew your car insurance, don't automatically sign up with your old insurer: You may miss a chance to save. You can shop multiple insurers at [insweb.com](http://insweb.com), but major players like Allstate, Progressive and State Farm aren't on the site. You'll need to go to their sites or call an agent. As you look around, ask yourself these questions.



### 1

#### Am I Saving As Much As I Can?

- **See what others pay.** State insurance department websites list sample rates. Find your state's at [naic.org](http://naic.org).
- **Up your deductible.** The average driver pays \$939 a year for car insurance but makes a claim only once every eight years. Raise your comprehensive deductible from \$250 to \$500 and collision from \$500 to \$1,000, and shave your premium by 10% or more. Over time, that will more than cover the higher out-of-pocket outlay if you ever make a claim.
- **Drive less.** If higher gas prices have you covering fewer miles—you're carpooling, say—you may get a rate break.
- **Fix credit errors.** Credit troubles can raise your premium. Order a free report at [annualcreditreport.com](http://annualcreditreport.com) and correct any mistakes that may be costing you.

### 2

#### Do I Have the Right Amount?

- **Don't confuse minimum with optimum.** Every state sets a coverage floor, but that may be too low. Pros suggest \$100,000 per person, \$300,000 per accident and \$50,000 for property damage. Carry the same amount in uninsured motorist coverage, which pays your bills if you're in a smashup with an uninsured or underinsured driver.
- **Give up on your jalopy.** Once your car is old, you can probably drop collision and comprehensive coverage. You'll pay as much in premiums over a few years as you'd pay to replace or repair the car. To gauge its current market value, look up used-car prices for your model at [autotrader.com](http://autotrader.com) or [kbb.com](http://kbb.com). If it's less than \$2,000, kick the extra coverage to the curb (average savings: \$431 a year).

### 3

#### Are the Extras Simply Gimmicks?

- **Forget "accident forgiveness" coverage.** The promise: Pay a higher premium (7% to 15% with Allstate) and your rates won't go up if you wipe out. But paying more now to save money later doesn't add up, says Bob Hunter of the Consumer Federation of America. And it may be unnecessary: Some insurers forgive the first accident at no extra cost. Even Allstate does so if you've been a customer for five years.
- **Reject "new-car replacement."** The fear: Your new car depreciates like mad the second you drive it off the lot, so after an accident the insurance payout isn't big enough to buy a new model. The takeaway: Pass on this one too. It'll add slightly to your premium and won't kick in unless the car is totaled.

### 4

#### Can I Afford to Let My Kids Drive?

- **Sit down.** Adding a teen to your policy can double or even triple your premium, all the more reason to shop hard before your children get licenses.
- **Read her report card.** Most insurers offer discounts—sometimes as much as 25%—for students with a B average or better.
- **Send him away.** If your kid goes to a school that's more than 100 miles from home (without wheels, of course), you'll qualify for a lower rate.
- **Get credit for being strict.** Even if you would never give your teen the keys to the Jaguar, your insurance company may price your policy as if he drove the most expensive car in your garage. Ask about this costly provision—it could be reason enough to switch insurers. \$