



5 Ways to Save Money on Auto Insurance

By John D. Doak, Oklahoma Insurance Commissioner

Consumers often call our department to ask how to save money on insurance and it's an important topic to discuss. Our mission is to educate consumers on insurance and also show them ways to save money when purchasing policies. Here's a few ways you may be able to reduce your premiums.

1. Remember the factors that determine the price.

Many factors determine the cost of an auto insurance premium. Some factors, such as driver's age, gender and location, cannot be changed, but do come into play when the premium is determined. Other factors may be adjustable and can help lower the cost, such as driving record, frequency of vehicle use, credit score and the type of vehicle being driven. When looking to lower premium costs, lowering or improving any of those four factors may help cut the cost.

2. Shop and compare.

Different insurance companies charge different rates for the same coverage, so it is important to shop around. Get quotes from several companies before buying and make sure to compare equivalent policies. To give you an idea of the differences in cost, take a look at the rate sample comparison available at www.oid.ok.gov under the "Consumers" tab.

It is also important to consider other factors, such as financial strengths and customer service when shopping insurance providers. A.M. Best (www.ambest.com) and Standard & Poor's (www.standardandpoors.com/ratings) are two of several rating companies that can be checked for the financial health of insurance companies. Obtaining an inexpensive policy when trying to save money will do no good if the insurer is not financially sound. Even before buying a car, getting quotes for specific vehicles is a good idea. Auto premiums fluctuate depending on the car's features, the cost to repair it, its overall safety record and the likelihood of theft.

3. Raise deductibles

Increasing policy deductibles can save money on premiums. A deductible is the amount paid out-of-pocket on a claim before the policy pays the loss. For example, increasing a \$500 deductible to \$1,000 could significantly reduce the premium. Checking with your

insurance agent to determine how much you'll save with a higher deductible. Remember, raising the deductible will mean paying more out-of-pocket when you have a claim. Also keep in mind that filing multiple claims, even small ones, may result in larger premiums due to applied surcharges.

4. Reduce coverage on older vehicles.

Another way to decrease costs when reviewing coverage is to consider dropping comprehensive and collision coverage on older cars. It is often not cost effective to purchase full coverage on cars worth less than 10 times the premium.

5. Bundle and check out available discounts.

Many insurers give discounts when two or more types of insurance are purchased, which is called bundling. Purchasing homeowners and auto insurance from the same insurer is one example. A reduction may also be offered if there is more than one vehicle insured with the same company. Other optional discounts may be available for anti-theft devices, anti-lock brakes, air bags or daytime running lights, good student grades, drivers education courses, defensive driving courses, no accidents or moving violations in three years and good credit records.

For more information on auto or other insurance products, consumers are urged to call the Oklahoma Insurance Department's Consumer Assistance Division at 1-800-522-0071 or visit www.oid.ok.gov.