How to Reduce the Cost of Your Car Insurance

Michigan Department of Insurance and Financial Services
Quick Facts

Just about any driver will agree that car insurance can be costly. That's because the things that insurance pays for, such as medical care and car repairs, cost more these days. While you can't do anything about that, you may be able to lower the cost of your coverage.

Here Are Several Steps That May Help You Reduce Your Premium:

1. **Get a Quote Before Buying a Car**- You should consider the cost of auto insurance before you purchase a car. Ask your agent to give you a quote on the cost of coverage because some cars are much less expensive to insure than others.

2. **Shop Around** - Insurance companies charge different amounts. Call more than one company or agent to compare prices and coverages.

3. **Compare Collision Coverage Choices** -   Collision coverage pays for repairs to your car if you are in an accident. You are not required to buy collision coverage. However, a lender may require you to purchase collision coverage before giving you a car loan. Remember, if you don't have collision coverage and you have an accident, you will have to pay for the repairs yourself, even if you are not at fault.

    The Insurance Counselor entitled, "The Three Types of Collision Coverage," explains the 3 kinds of collision insurance: limited, standard, and broad form. Limited is the least expensive and gives the least coverage. Broad form is the most expensive and gives you more coverage. Standard is in the middle.

4. **Increase Your Deductible** - A deductible on your policy is the amount you agree to pay out of pocket before the insurance company pays anything toward your claim. Several deductible options are available for collision and comprehensive coverage. The bigger your deductible, the more you can save. Keep in mind, the higher your deductible the more money you have to pay out of pocket if you have a claim.

5. **Consider Selecting a Different Coverage Limit** – You now have the option to choose coverage levels for Personal Injury Protection (PIP) and Residual Bodily Injury Liability (BI) that are appropriate based on your needs and budget. PIP covers you and others covered by your policy for

medical expenses that result from an auto accident. BI covers claims made against you for injuries to others if you are at fault in an auto accident. You should consider your choices carefully as these choices will have financial consequences. You may wish to consult with your insurance agent or obtain legal or financial advice to ensure your assets are adequately protected before changing your coverage limit.

6. **Ask Your Agent About Possible Discounts** - Many insurers offer discounts for safety devices or for having more than one type of policy with the same company. Discounts are sometimes offered for such things as anti-theft devices, anti-lock brakes, air bags, seat belt usage, and daytime running lights. You may also be eligible for a discount or lower rate if you are an employee or member of a certain organization. Ask your agent if any of these discounts are available from the insurance companies they represent.

7. **Consider Dropping Some Coverages** - Think about dropping some kinds of optional coverage: collision or comprehensive on an older car, uninsured motorist, car rental, or towing. Before you do this, however, make sure you understand what it will mean to be without the coverage in the event of an accident. Ask your company or agent about other ways to reduce your premium.

About DIFS

The mission of the Michigan Department of Insurance and Financial Services is to ensure access to safe and secure insurance and financial services fundamental for the opportunity, security and success of Michigan residents, while fostering economic growth and sustainability in both industries. In addition, the Department provides consumer protection, outreach, and financial literacy and education services to Michigan citizens. For more information please contact DIFS at 833-ASK-DIFS or visit www.michigan.gov/DIFS.