

Consumer Counselor

Insurance Information for Michigan Consumers

How to Reduce the Cost of Your Car Insurance

Just about any driver will agree that car insurance can be costly. But that's because the things that insurance pays for, such as medical costs 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. **When Purchasing a Car** - You should think about the cost of insurance before you purchase a car. Ask your agent to give you a quote on the cost of coverage because some models are much less expensive to insure than others.
2. **Shop Around** - All insurance companies do not charge the same amount. 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. It is not required by law and you can choose not to buy it if you own your car. If your car is financed, the finance company will probably require you to have collision coverage. Remember, if you don't have collision coverage and you have an accident, you will have to pay for repairs yourself.

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. You may not want to buy the most expensive kind of collision coverage.
4. **Increase Your Deductible** - A deductible on your policy is the amount you agree to pay toward the cost of repairs before the insurance company has to pay anything. Several deductible options are available for collision and comprehensive coverage. The bigger your deductible, the more you can save.
5. **Don't Duplicate** - If you are hurt in a car accident, the cost of your care may be covered by both your auto insurance and your health insurance. Car insurance companies offer a discount if you "coordinate" your auto insurance with private health/accident insurance. If you do, your auto policy will pay only for costs that your health policy does not cover. Ask your agent about the discounts.
6. **Ask Your Agent for Information on Group Policies** - Many insurers offer lower rates to employees or members of certain organizations. Ask your agent if you could be eligible for these rating plans.
7. **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 if you have two or more policies with the same insurance company. Ask your agent if any of these discounts are available from the insurance companies they represent.



8. Consider Dropping Some Coverages -

Think about dropping some kinds of 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. If you have further questions, contact the Department of Insurance and Financial Services (DIFS) at the address shown below. DIFS is the state department that regulates insurance in Michigan.

