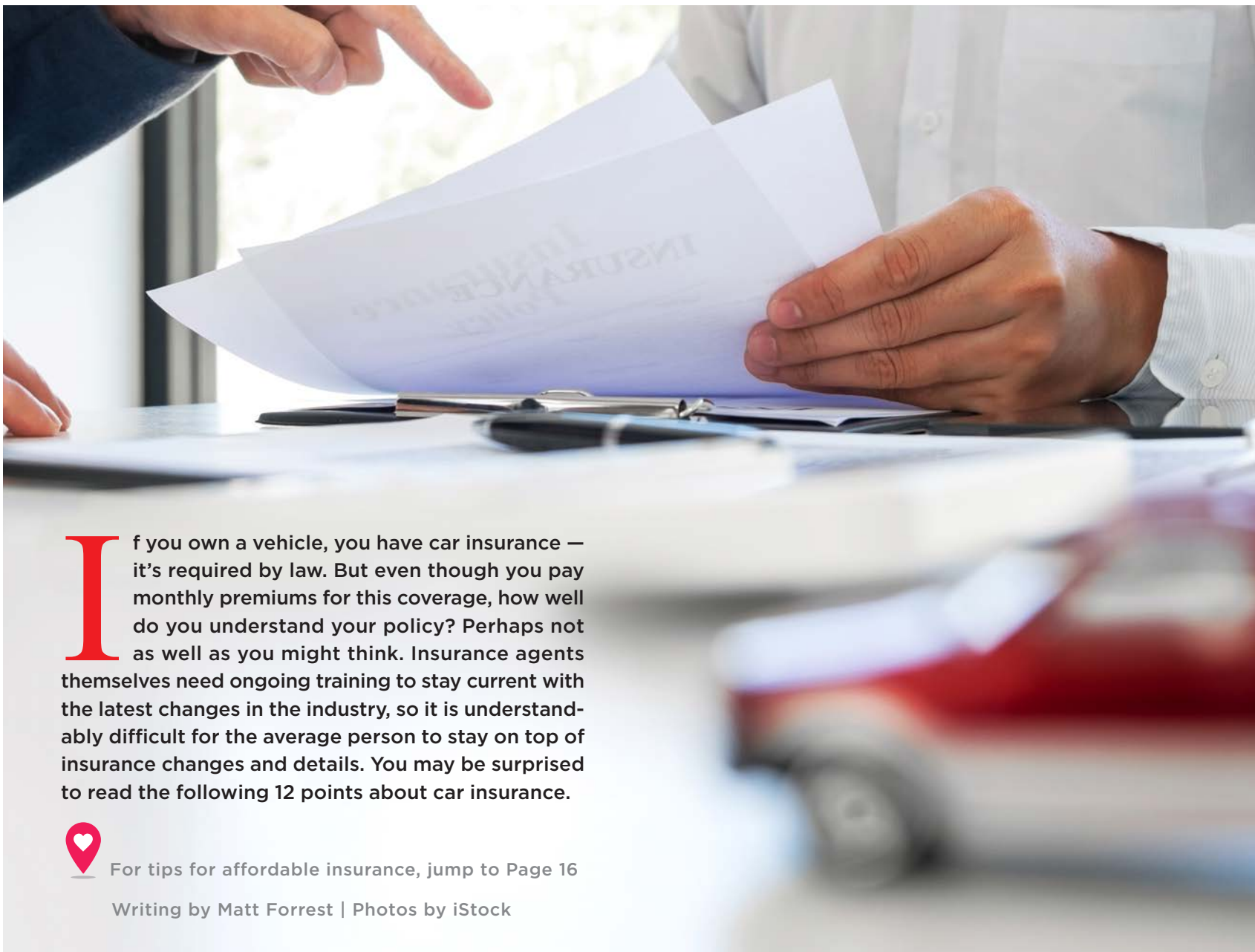


car insurance

11 insider insights plus seven tips to keep your costs affordable





If you own a vehicle, you have car insurance — it's required by law. But even though you pay monthly premiums for this coverage, how well do you understand your policy? Perhaps not as well as you might think. Insurance agents themselves need ongoing training to stay current with the latest changes in the industry, so it is understandably difficult for the average person to stay on top of insurance changes and details. You may be surprised to read the following 12 points about car insurance.



For tips for affordable insurance, jump to Page 16

Writing by Matt Forrest | Photos by iStock



1 NOT-AT-FAULT ACCIDENTS STILL COUNT

Imagine, you're on your morning commute and a driver rear-ends you out of the blue. This is an incredibly annoying start to your day, but at least you're not at fault, and it won't affect your insurance. Wrong. Accidents in which you absolutely have no fault still count against you in the eyes of your insurance company. Even though the other driver's insurance is likely to pay out and your insurance won't have to intervene, the crash still becomes part of your driving history, which underwriters consider when pricing your premiums. If you get in a lot of not-at-fault accidents, an insurance company may consider not renewing your policy.



2 TRUCKS TRIGGER HEAVY PREMIUMS

You may be aware that high-powered sports cars cost more to insure because of their alluring — and potentially dangerous — top speeds. But there's another class of vehicle that can raise your rates: vans and trucks. The reason for this is that a big, bruising vehicle is capable of causing more damage when involved in a crash than a smaller, lighter vehicle. And a potential for more damage means the insurance company needs to charge you more for your premiums to cover their risks. On a side note, the color of a vehicle has no effect on insurance rates, despite the common misconception that red cars will cost you more to insure.



3 TICKETS WON'T NECESSARILY COST YOU

- You might assume that getting caught speeding would have immediate negative effects on your insurance rates, but the truth is that your insurance company may never find out about an occasional ticket. Insurance companies typically check your Motor Vehicle Report (driving record) when first writing your policy, so if you stay with the same company for a long time, odds are your driving record won't be checked again for years — if ever. If you give the insurance company a reason to think you're a risky driver, such as at-fault claims, this probably will trigger a check into your driving record sooner than later. Of course, you should never speed regardless of whether it affects your insurance or not.



4 CELLPHONE INFRACTIONS ARE SERIOUS

- Smartphones have become a mainstay in everyday life, and they also have become a serious risk on the roadway. According to a AAA study, cellphone use behind the wheel can make a driver seven times more likely to rear-end another vehicle. It's no wonder then that when an insurance company checks your Motor Vehicle Report, a ticket for using your cellphone while driving is one of the biggest red flags. Even if you're a responsible driver with a clean record otherwise, a cellphone infraction can raise your rates or cause an insurance company to refuse you coverage.



5 YOU MAY BUY YOUR CAR FROM THE INSURANCE COMPANY

- When a car is totaled (damaged to the point that it's not worth repairing), the insurance company will write the owner a check for the car's pre-crash value, minus the deductible, and the owner can use that money for any purpose. But did you know that the insurance company also may offer to sell you back your own totaled vehicle at a much lower price? This is simply the fastest, easiest way for the insurer to get value out of the totaled vehicle. This may seem like a good deal, especially if you know someone who can perform the necessary repairs cheaply. There are pitfalls, however. It can be difficult or impossible to insure a vehicle that has been totaled, and trying to resell it may be problematic as the vehicle will have a "salvage" title that denotes it was totaled.



6 A TEEN CAN MULTIPLY YOUR PREMIUM

- It is not that surprising to learn that adding a teen driver to your car insurance policy raises your rates — after all, teen crash rates are higher than those of any other age group. But just how significantly a teen driver affects your rates might shock you: it's not uncommon for a policyholder's premium to double or even triple when a young driver is added. This speaks to the fact that insurance companies must charge enough in premiums to adequately cover their risks, and teen drivers pose one of the greatest risks on the road.



7 ALL POTENTIAL DRIVERS AFFECT YOUR POLICY

- If your teen isn't allowed to drive certain family vehicles, or you live with an elderly parent who still has their license but no longer drives, you may assume you can skip adding these drivers to some of your car insurance policies to save money. Any person who is related to you, lives in your home, and has a driver's license is required to be listed as a driver on all of your car policies. Insurance companies have this requirement because they have no way of knowing if those relatives are driving a given vehicle or not.

We don't recommend that you exclude drivers from a policy by specifically naming them, because if you do and they get in an accident, you and they won't have any protection. In addition, your rates might still increase.



8 KNOW WHO SHOULD NOT BORROW YOUR CAR

- If you own a vehicle, especially a truck, your friends or family are likely to ask to borrow it. Luckily, most car insurance policies include specific coverage for "permissive use," which covers a driver who borrows your vehicle with permission. But keep in mind that even in the case when your friend who borrowed your car gets into an accident with it, that will stay on your insurance history – not theirs. In addition, if you're counting on this permissive use coverage to protect you when your teen borrows the car for a weekend joyride, you'll be out of luck. Permissive use is only for situations where the driver does not have regular access to your vehicle — household members don't count, and they need to be added to your policy by name.



9 BUY INSURANCE EVEN IF YOU DON'T OWN A CAR

- Even if you don't own a car, you may want to purchase car insurance. If you use a car-sharing service like GIG Car Share or Zipcar, the liability insurance included with the use of their vehicles may offer only state-minimum limits. If you were to cause a crash that seriously injured another driver, this coverage may not cover medical costs, not to mention the millions of dollars that could be sought in a lawsuit.

If you drive rental cars frequently for work, insurance purchased at the rental counter is better, usually offering liability coverage up to \$1 million. This coverage, however, is not cost-effective, and you still may want a higher liability limit. Purchasing reasonably priced "non-owner" insurance from your agent probably will save money and provide more peace of mind.



10 ASK YOUR AGENT BEFORE FILING A CLAIM

- When your car is minimally damaged — from a fender bender, a smash-and-grab break-in, or an accidental scratch — it's sometimes best to repair the vehicle on your own dime, without making an insurance claim, especially when the repair would fall below your deductible limit. Even for more serious crashes, as long as the other driver is at fault — and their insurance will cover the damages — it may be best to leave your coverage out of the equation unless necessary. Of course, every situation is unique, so the absolute smartest first step any time your vehicle is damaged is to ask your agent how to proceed.



11 DON'T DRIVE IT? SUSPEND COVERAGE, BUT...

• If you own a vehicle, but you don't drive it, suspending coverage can be a smart way to save money. Leave your comprehensive coverage intact to protect against theft or damage to the vehicle while it's parked, but suspend your liability and other coverages that protect you on the road. Just remember to reinstate coverage before you drive the vehicle again. No matter how short the trip, it's simply too risky to be on the road without full protection. You even may want to put a note on the dash that says "No insurance. Do not drive!" Note that insurance companies prefer that clients only suspend and un-suspend coverage once or twice a year at most; insurance isn't meant to be turned on and off frequently, like a light switch.

7 Insider Tips to Buying the Right Coverage

Car insurance is not a luxury. It's illegal to drive without it, and you need it to protect your vehicle and yourself. Having the right

coverage is the only way you can be certain that you are protected. And because adequate coverage comes at a cost, learn how to keep your car insurance affordable without compromising your coverage.





1 BUNDLE AUTO AND HOME

If you don't already get your auto and home coverage from the same insurance company, ask your agent how you might benefit from bundle savings. Have you bought another house, motorcycle or boat? You might want to consider bundling these insurance policies, too. Bundling is one way to save on insurance without compromising on coverage. Just discuss your insurance needs with the insurance agent, who can take a holistic look and find you the best insurance provider for your various policies.



2 DON'T REDUCE LIABILITY LIMITS

Washington's minimum liability limits—\$25,000 per person and \$50,000 per crash for injuries, plus \$10,000 for property damage—were established in 1980, when the costs of medical treatment and auto repair were much lower than they are today. Insurance companies that promise to save you money often do so by reducing your liability limits, which is not a good idea. A person deemed responsible for a crash is on the hook for damages exceeding the insurance liability limits. Considering that the average price of just a small new car today, according to Kelly Blue Book, is \$20,000, the gap between the liability limit and total judgment for a person insured at or near the state's minimum levels could add up fast.



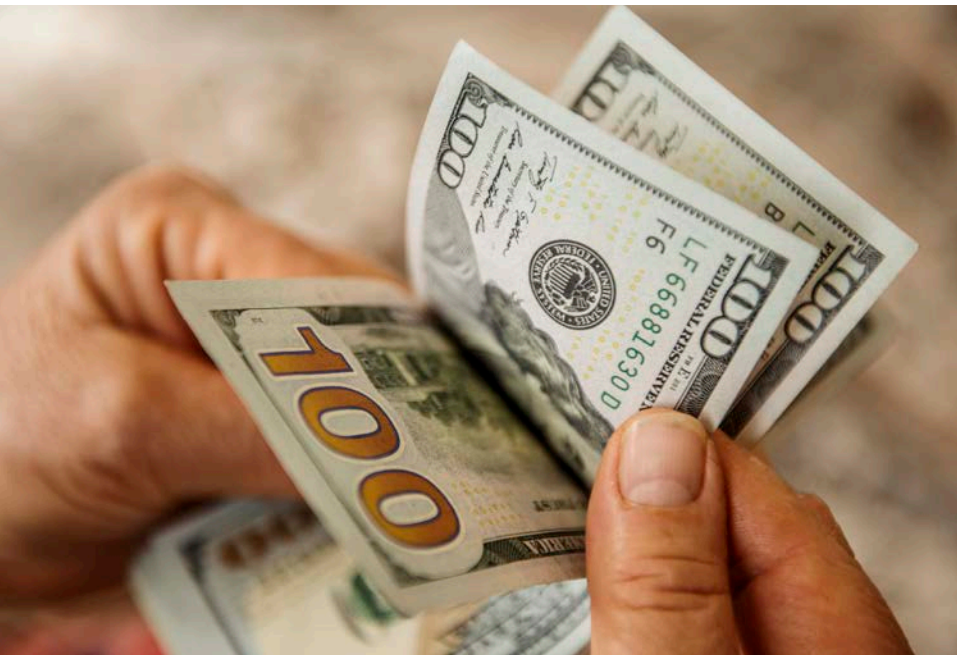
3 KEEP UNINSURED/UNDERINSURED MOTORIST COVERAGE

• If your car is damaged or you are injured in a crash caused by a driver with low liability limits, the other person's insurance policy might not cover all your expenses. This is where your uninsured / underinsured-motorist (UM/UIM) coverage would kick in, paying you the difference between the other person's liability limits and your total expenses. As auto insurance premiums continue to rise, it figures that many drivers may decide to lower their liability limits, and this form of coverage will become more important than ever. UI/UIM coverage is not a Washington State insurance requirement, but your insurance agent is required to offer it at the inception of your policy. If you previously declined it, you still can add it to your policy.



4 KEEP THE PERSONAL INJURY PROTECTION

• Personal injury protection (PIP) is another option worth keeping as part of your car insurance policy, even though it is not a Washington State insurance requirement. It provides coverage for such things as medical bills and income loss (up to set limits) right after a crash, regardless of fault, for both you and your passengers. PIP also can help fill certain critical gaps in your health insurance plan; cosmetic dental injuries and medical airlifts, for example.



5 **CONSIDER HIGHER DEDUCTIBLES**

A low deductible keeps a little more money in your pocket if you ever have to file a claim, but raising your deductible reduces your premiums — without lowering the liability limits you need for the “big stuff.” Be sure that you will be able to afford the higher deductible, however. Talk with your agent to strike the right balance between selecting your deductible and having an affordable premium.



6 **WEIGH THE BENEFITS OF COLLISION COVERAGE**

If you drive a vehicle with a low book value, such as an older car, your cost for comprehensive and collision coverage might exceed the potential value of a claim within a few years. If this is the case, it might make sense to drop this element of your auto insurance policy.



7 ENJOY AAA MEMBER SAVINGS

Did you know that AAA Washington's insurance partners offer members a 5 percent discount on car insurance rates? Although AAA can't guarantee the cheapest insurance rate, members receive the best value for your dollar. If you are a AAA member, ask your agent about your discount. With that in mind, you don't have to be a AAA member to get our expert advice and work with our insurance partners.

AAA Washington Insurance agents are here to help.

Call **(844) 819-7211** for a free, no-obligation consultation.

Visit Us: aaa.com/auto-insurance