

## Car Insurance

### How can I keep my car insurance costs low?

The first thing to do is bargain shop to make sure that the rates you are getting are reasonable in comparison to other companies. Within the policy that you have, these are a few tips that could save you a few bucks.

- Buy a cheaper or a lower profile car
- Take out a higher deductible
- Look into different insurance costs in different communities
- Pay annually
- Drop collision damage coverage

### What coverage is essential for my auto policy?

You will need to have liability coverage, property damage, and bodily injury. This way you will be protected if you are at fault and cause damage to a person or their property. It is recommended to have \$300,000 per accident to pay medical costs and other costs that may be affiliated. You should also have at least \$50,000 in property damage. You should have uninsured motorist coverage, which will protect you against financial damages caused by an uninsured motorist or a hit and run, should one occur.

### How do I file an auto insurance claim?

A few tips to ensure that you claim correctly and receive your money as quickly as possible:

- File the claim immediately; take note of hospital bills, police accident reports, and copies of claims that have been submitted.
- Take notes of exactly what was said every time you speak with a company representative, make a note of the date and keep the information together in a file.
- If you get the feeling that the company isn't being forthcoming with the results that you need, complain to the state insurance regulator.
- If you still feel that your claim isn't getting the attention it deserves, call a lawyer.

### How much is it possible to save by comparison shopping?

It is possible to save up to 50% by changing your companies. There are many factors that are taken into account by the issuing company, such as:

- Gender
- Age
- Driving Record
- State
- Vehicle
- Average Mileage Driven

Do not choose your insurer strictly on price, however. Quality and level of service should be a factor in your choice as well, and their ratings should be checked.

### What deductible should I have on my car insurance?

Usually it is most cost efficient to get a large deductible which will drastically reduce the amount you pay for the service. For instance, raising your deductible from \$100 to \$500 will save you around 10 to 15 percent. A change from \$100 to \$1000 will generally save you anywhere from 25 to 30 percent. If you are in an accident and the damage isn't substantial, it is more economical to pay to fix the car yourself rather than involve the insurance company and having them raise your premium.

### Should I keep collision coverage on my old car?

Collision coverage ensures the repair of your car whether you were at fault or not, even if your car is damaged by fire, flood, wind or hail. Depending on the value of your car, this coverage may not be cost effective.

### Does my car affect my insurance rate?

It is a good idea to check the insurance rates that are given to certain cars before you buy them. Usually as the cost of the car rises, so does the insurance premium. The insurance rates on used cars are generally substantially lower than those of new cars.

### How significantly does my address affect my insurance?

There is a big difference in the premiums that people pay in the suburbs where there is much less traffic congestion as opposed to people that live in big cities with many accidents per capita. Usually this is judged by the area code of which you register as your home.

**Should I pay monthly or semi-annually?** Monthly payments are convenient and you don't have to pay as much at once. However, monthly payments end up costing you more in the long run.

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## Car Insurance (cont.)

### **How else can I save on insurance?**

There are a variety of discounts available from the insurance company for all sorts of reasons: living close to work, getting good grades, and so on. Be sure to ask for a list of these discounts to see if you qualify for any of them. Agents may not ask you about these so make sure that you bring it up.

### **What will worker's compensation cover if I ever need it?**

Worker's compensation will only cover you for injuries that occur on the job site. The compensation varies from state to state, but most states will pay throughout the lifetime of the worker, in the case of a permanent disability. You can get all of the information that you need regarding individual state's worker's compensation benefits by contacting your state's Department of Labor.

### **What exactly is long-term care insurance and how does it work?**

With long-term care insurance (LTCI), you are guaranteed to be paid a certain amount of money towards care for a specified length of time. As the age of the covered individual increases, so does the premium, so in order to get a better rate, this is something that you may want to purchase earlier in life while the premiums are still low. Indemnity-type insurance actually distributes the money to the caregivers, and pays the daily benefit directly to the insured party; this type can be easier because there is much less paperwork and more flexibility about how the money can be spent.

### **What should I consider when choosing a long-term insurance provider?**

It is important to look at the stability of the company that you are looking into, because they need to be there when you are in your time of need. Companies who sell long-term insurance may not be as closely regulated as other insurance companies. You can find the ratings of these companies from Standard & Poor's.

### **What can I do to get a good price on my homeowner's insurance?**

Clearly you should always perform a good amount of due diligence when searching for any policy. Be sure to compare the differences in services offered and prices quoted. There are many discounts available for different things, don't forget to ask if you qualify for any of them. Remember that the deductible will largely affect the price of the premium. It is a good idea to keep the deductible as high as you feel comfortable with to keep the premium down. You can generally get a better deal when you purchase your auto and house policies from the same company and you can also get a better rate by not insuring the land.

### **What level of home insurance should I buy?**

Make sure that you are insured against whatever natural disasters are common in your area, because insurance against these differs. If you don't specifically ask, you may not be covered. Be sure to insure for 100% of rebuilding costs. The price of rebuilding your home could differ greatly from the amount that your home is valued at today.

### **What can I do to ensure that I am insured adequately?**

Make a list of your possessions in your household. The more well documented this is the more likely you will be to be able to replace them. Make sure that you inform your agents of any changes that you make to the home so that if anything happens to the structure, the recent changes will be reflected in the payout. Check to see if there are any specific limits to what is insured by your company. Sometimes a person may think they are covered for certain things, but the limits negate that.

### **What deductible should I have?**

It is always a good idea to keep the deductible as high as you are comfortable with. A high deductible will substantially decrease your premium. Do not insure the land, because the land isn't at risk of being demolished in a flood, fire or other natural disaster and you will save on your premium.

### **What other ways can I decrease my home insurance costs?**

If a home has a sophisticated alarm system and/or a sprinkler system to prevent against fires, the insurance company may drop the price of a policy. Be sure to ask your provider and do the calculations to see if it will be cost efficient.

### **When should I review my policy?**

At least once a year, you may want to look over your policy to ensure that it will cover all of the possessions in your home and any additions that you have made over the last 12 months.

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