

Auto ***Insurance*** **XPLAINED!**



The CONSUMER'S guide to understanding and buying auto insurance. From Savings to Service, EVERYTHING you NEED to know!

by Mac Cassity

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Foreword

By Mac Cassity

Car Insurance. I think we can all say that this is pretty much America's FAVORITE topic. I mean, we all remember when we were younger, before we could drive...the car manufacturers lead us to believe it was the CAR we all wanted, but in fact, we found out later that it was really the CAR INSURANCE that we were after! All those intriguing letters and numbers..."This is covered, that isn't, and yes, your rates ARE going up again!" It was fascinating, and it really made us feel like true adults when we realized that our car insurance bill was going to be almost as much as our car payment! Ok, even as an insurance agent, that last part even made ME want to puke.

The fact is, most of us HATE car insurance. While a lot of people realize the true necessity of having it, to most people it can be a thorn in the side. High bills, (seemingly growing higher all the time) confusing statements, not knowing exactly which coverage to have and which we don't need, and sometimes (perish the thought) dealing with an uncooperative customer service rep at our insurance company. I have talked to countless THOUSANDS of people over the years, and believe me...A LOT of them shared these exact feelings. Confusion about the coverage, frustration and anger about the bills, and downright defiance at even having to have the policy in the first place..."I have never had an accident before, I don't even see why I HAVE to have it!!!" While some of these claims have merit, the bottom line is, car insurance is EXTREMELY valuable, and one unfortunate incident on the roadway could affect the rest of our lives, and can lead to complete financial ruin.

What I hope to do with this book is to make EVERYONE who reads it more knowledgeable about that enigma that we call AUTOMOBILE INSURANCE. I want to help you understand the policy itself, decide which coverage to choose for your particular needs, how to save money through discounts and choosing of coverage, and when and how to turn in a claim. There is much more to this book than just that, but if you nail down those 4 things, I am confident that you will feel better about car insurance, your insurance agent (or company) and feel MUCH more secure whenever you do get in the car.

Now, since you bought this book to really LEARN, let's get started...

Chapter 1: The Coverages (aka “What the heck am I paying for, anyways?”)

Liability insurance

Ok, let's start with the BIGGIE. Liability insurance. For those of you who aren't familiar with the term LIABILITY, it basically means WHATEVER YOU ARE RESPONSIBLE FOR. In other words, if you hit someone else, it is the LIABILITY portion of your policy that will pay for the other person's damage and/or medical expenses. If THEY are at fault, it will be THEIR policy that pays for YOURS.



The liability portion of your auto insurance policy usually looks something like this: 100/300/50. Each number reflects a MAXIMUM amount of coverage for BODILY INJURY and PROPERTY DAMAGE. In this example, you would have \$100,000 to pay for the medical expenses for EACH PERSON involved in an accident you are at fault for, up to a maximum of \$300,000, and you would have \$50,000 to pay for the actual property damage you caused. (i.e. to fix the car, your neighbor's fence, the pizza parlor you ran into...you get the idea.) Let's look at a scenario so you can see what this coverage REALLY means.

Ok, let's say you are at fault for an accident...maybe your car slid on some ice...and you run into and total the other vehicle. The car, much to your dismay, was a brand new Lexus worth about \$70,000, and there were 4 people in the car who were all injured, and their medical bills totaled \$400,000. Now, let's say you have the coverage we mentioned before, 100/300/50. In this scenario, your coverage limits would have been exhausted, and you would have had to pay \$120,000 out of pocket. (your maximum of \$300,000 for Bodily injury was exhausted, and there was still \$100,000 owed, and your Property Damage coverage was exhausted and there was still \$20,000 owed.) Not a pretty picture, huh?

Although this scenario might be a little rare, it DOES happen, and considering that there are MORE and MORE people on the road EVERY day, your chances for having

such an accident increase EVERY DAY. That then begs the question, “How high SHOULD my liability limits be?”

Let’s get one thing straight here folks...”THIS IS NOT THE COVERAGE YOU SHOULD TRY TO SAVE MONEY ON!!!” Repeat that phrase...learn it, know it, LIVE it. Too many people have liability limits that are MUCH lower than they need. One reason is that people will find out what the state MINIMUM is and pick that coverage as their liability limits. This is a VERY dangerous idea. States have to pick minimums for you to carry, and most states require minimums that are too low to be effective in a lot of car crash scenarios. For instance, some states require minimums of 20/40/10. Ok, let’s say you are at fault for an accident, no one is hurt, but the other car is totaled. How many cars on the road do you think are worth more than \$10,000? That’s right A LOT. There really is no reason to carry low liability limits, EVER. Regardless if your car is old, or new, or expensive, or paid off...your damage to another. Be it another car or the person driving it, your car is dangerous, and in order to protect yourself, your assets, and perhaps your future, make sure your liability limits are HIGH. One thing that people don’t even realize is that raising your liability limits is usually not even that expensive. Go ahead and call your insurance company and get a quote for the next level up from the one you are at now. Now, get one for the next 2 levels up, and so on. Pick the highest level that you really can afford. It makes a lot more sense to pay a little more NOW, than a WHOLE LOT more later...Medical expenses are going up, car repair prices are going up, cost of cars is going up...shouldn’t your liability coverage reflect that? Yes, it should. One more quick thought...and I don’t meant to be so blunt, but if you are worried about affording to pay an extra \$100 a year because I am advising you raise your liability limits, how would you feel about getting into an accident and having to afford \$200,000 because you neglected to do it? By investing an extra \$100 a year or so in your policy, you may be saving yourself HUNDREDS of THOUSANDS of dollars.

Uninsured or Underinsured Motorist liability

Ok, so here’s a scenario for you. You are stopped at a stoplight, just minding your own business, when all of a sudden WHAM! You are slammed into from behind. Your car is smashed, and your neck REALLY hurts. It is pretty darn obvious who is at fault, and you get out of the car to exchange information. The person you are talking to is not exactly giving you the detailed information you were hoping for, and you begin to suspect something is wrong. The next day, when you DO try to verify the info that they gave you, you realize the truth...THEIR CAR WAS NOT INSURED!!!

What do you do now??? That's why you have UNINSURED MOTORIST LIABILITY protection! This coverage will protect you for medical injuries AND property damage that occurs by someone who does not have insurance, or who has limits that are too low. The same coverages of BODILY INJURY (BI) and PROPERTY DAMAGE (pd) as are found in the REGULAR liability portion of your policy apply, except in this case, they cover YOU. Because the accident was not your fault, using this coverage does not go against your insurance record either. Most companies DO charge a fixed deductible, however, to even out the costs of those who are lying to use this coverage. One reason for this is that this coverage will cover you even if the incident is a hit and run. SO, there are SOME people, unscrupulous as they are, that will go out and hit something with their car, and claim that someone did it while they were parked, but left the scene. Check with your insurance company to find out exactly what the fixed deductible is for your state.

I will go more into coverages at a later time, but here's a quick note about UNINSURED MOTORIST LIABILITY...the premium for this coverage is very inexpensive, and I recommend you choose the same liability limits for this coverage as you did for your REGULAR liability portion of your policy. If those limits are good enough to protect SOMEONE ELSE, why not have the same limits to cover YOURSELF? Also, some states require that you mirror the liability limits that you have for your regular BI/PPD liability limits UNLESS you specifically sign a waiver. Just to sum up UNINSURED LIABILITY: If someone hits you and is uninsured or underinsured, or you are the victim of a hit and run either parked or while driving, it is this coverage that will protect you. It is usually subject to a fixed deductible, but DOES NOT affect your insurance record negatively.

Personal Injury Protection (PIP)/ No Fault Coverage

The next one we'll look at is MEDICAL COVERAGE, sometimes known as PERSONAL INJURY PROTECTION or PIP or NO FAULT coverage. This coverage will actually cover YOUR medical expenses if you are in an accident no matter who is at fault. *"What about the bodily injury liability coverage we just learned about?"* you may be asking. Good question, and here's how it works. If you were in an accident and were hurt, no matter who was at fault, chances are that your PIP would be enacted to begin paying your medical costs. Don't think that this gives you an out to carrying lower



liability limits however, because most states only allow you to purchase PIP limits of \$10,000 or lower. This coverage, depending on the state, may also pay for your lost wages in the event you are out of work due to an injury. If your policy says PIP, chances are that that is the case. If it only states MEDICAL COVERAGE, it may not cover lost wages, but you still may have a separate coverage that does. Be sure to check with your insurance company so you know what yours does and doesn't cover.

Most states require you to have PIP coverage as part of the policy, but even then most will allow you to waive it if you so desire. This MAY make sense for you to do, but it really depends on several variables. For one, let's say you have fantastic medical insurance with no deductible and HUGE yearly payouts. You may not have quite the need for PIP as someone who doesn't have medical insurance, or who has very high deductibles to satisfy if he/she is injured. You may be rich, and would rather put the money you would put into PIP coverage in the bank instead.

Finally, you may be stubborn, and just feel that if you have an accident and the other person is at fault, he will pay one way or the other...and if it is YOUR fault, you will deal with it when it happens. (I use this last one because it is almost exactly what a policyholder said to me one time...) The bottom line on this coverage is it's not very expensive, and it usually makes sense to carry it even if you only have the minimum offered. Your medical bills will be paid up to the maximum, you will recoup lost wages (up to the maximum on your particular policy) and it won't affect your policy negatively by enacting the coverage. In fact, if EVERYONE had higher PIP limits, it would actually lessen the total payouts for BODILY INJURY LIABILITY and may result in lower premiums across the board for that coverage.

PIP or MEDICAL COVERAGE FOR NO FAULT STATES:

Remember when I said that PIP is sometimes referred to as NO FAULT COVERAGE? Well, there are some states that are actually NO FAULT STATES. In other words, no matter who is at fault for an accident, your policy pays for you, theirs for them. These states may allow you to carry higher than normal PIP or MEDICAL COVERAGE limits because the policies are set up a little differently. I will go over NO FAULT STATES in more detail at the end of this chapter.

COLLISION. Every insurance agents favorite word...NOT! This coverage is one of the most widely used, yet most misunderstood of the policy. Let's start with the simple definition first, then dig a little deeper...

A COLLISION is simply what it sounds like...it occurs when the car HITS something. Rule of thumb, there pretty much has to be a driver in the car when a collision occurs, but I have heard of a few instances where someone's emergency brake failed, the car rolled down a hill, and BAM! For this coverage to be enacted, the ensuing damage has to be YOUR fault, and it covers YOUR car only. Remember, the damage to the other car will be paid by the PROPERTY DAMAGE portion of your LIABILITY.



Collisions happen every day, and chances are that you have had at least a minor one at some point yourself. People hit all kinds of stuff, mailboxes, shopping carts, brick walls, restaurants, and yes, even other cars. REMEMBER THIS: If your car HITS it, it is probably a collision. This fact has to be stressed because so many people want to blame other things as the cause for collisions the insurance company will deem YOUR fault. This is important because it can make the difference to some between turning in a claim, and just paying for it out of pocket. Here are a few examples I have come across in my years of taking claims:

1. "I slid on the ice, I could not control my car and hit the guardrail." COLLISION
2. "Another car cut me off, I had to swerve and hit a sign." COLLISION
3. "Something fell off the truck in front of me while I was on the highway, and I could not avoid it and I ran over it causing damage." COLLISION (this scenario is paid under collision a lot of times, but it IS worth fighting for, some claims adjustors will see your side and will not fault you for an incident such as this. Rare, but it does happen)

Those are just a FEW of the multitude of ways we can have collisions, but I wanted to point these few out so you remember, if there is NO ONE else involved but you, and your car was moving when damage occurred, it is probably a collision.

One very important tip to remember when looking at collision coverage is the affect it can have on your rates. If you have a collision, it is considered an AT FAULT incident, and your rates can go up...even after only ONE claim. If you have several collisions, you can be cancelled, and getting insurance elsewhere may be MUCH higher. CALM DOWN...I know what you're thinking, but have no fear.

I have some great tips on choosing this coverage, how to save money, and whether or not you should turn in certain claims. Sounds cool? Great, that is coming up in the sections on DEDUCTIBLES and CLAIMS. Now that we have an understanding of collision, what about everything OTHER than collision?

Comprehensive Coverage

This is a pretty cool coverage actually. COMPREHENSIVE COVERAGE covers pretty much any other damage to your car other than collision. (unless it was a hit and run, but we'll HIT that one in a minute...pardon the pun.) Ok, let's say you're driving down the road, and the stupid truck in front of you kicks up a stone, and lo and behold BAM! Your windshield is cracked! Should you chase the scoundrel down, and get his information to get HIS insurance to pay for it? NO! Just file a comprehensive claim! How about that one morning, you went out to your car, and found that some idiot had keyed the whole left side? Should you file a police report and send out an all points bulletin? Heck no! File a Comprehensive claim! (ok, this is fun, let's try another one...) How about that OTHER morning, when you went out to your car and...FOUND OUT THAT THERE WAS NO CAR???. Should you call the cops? Yes, do the call the cops, but THEN file a COMPREHENSIVE CLAIM!!! If your car was damaged, and it wasn't due to a collision or another car (hit and run) or it was stolen, it is a comprehensive coverage claim AND guess what? You don't have to be afraid to turn one of these in! This coverage is looked at as NOT BEING YOUR FAULT, and it won't be held against you. There ARE extreme circumstances where the insurance company can question MULTIPLE claims of this nature, but for the most part you can rest assured that you will receive coverage with no ill effects to your insurance. The coverage is fairly inexpensive as well when compared to collision. There ARE deductibles associated with this coverage like collision, but considering how inexpensive it is, I recommend most go with a low deductible. More on this later.

Here are some more common scenarios that happen to people that are actually COMPREHENSIVE claims:

- Car getting keyed or vandalized
- A branch or tree falling on and damaging the car
- A rock or other object falling off a truck on the highway causing damage
- Hail damage

- Hitting a deer or other animal (yes, although you may be actually driving the car, most insurance companies will recognize these accidents as comprehensive due to the unpredictable nature of wild animals)
- Accidental damage caused by owner while car is parked and unoccupied(one time...I was throwing wood in the back of my pickup, and a log went through the rear window...3 times...YES 3 times...)
- Windshield crack or break (this includes other windows as long as damage wasn't due to collision)

As you can see, there are quite a few scenarios where the inexpensive coverage COMPREHENSIVE can be of use, and considering this crazy world of ours, there surely MANY more I haven't listed. Bottom line? Comprehensive can be your friend.

Roadside assistance/towing

Most folks just call this coverage towing, but actually it does a lot more. Believe me, if and when the times comes you need this coverage, you will be GLAD you had it in place. The few dollars it does cost will be outweighed by the peace of mind you feel when the insurance company pays the claim. Here are a few scenarios where this coverage can come in handy:

1. **Your car breaks down and needs to be towed**-most policies will only pay for your car to be towed to the nearest facility to be fixed, so keep in mind REASONABLE costs. You can't tow your car 300 miles because you are moving OR because you have a favorite mechanic that lives hours away from where you broke down.
2. **You run out of gas and need someone to come and bring you gas**-won't pay for your buddy to haul it to you, but will pay reasonable costs for a service center to get you back on the road
3. **You get a flat tire**-again, you may want to be towed, or just need help with the flat.
4. **You lock your keys in your car**-It happens, and it can be expensive!

As always, companies vary on their specific procedures, so check with your company to make sure how they pay these claims. Some reimburse you once you get a bill, others pay the companies directly (i.e. the service repair company or tow truck). Here is a hint: If you are worried about whether or not something is covered BEFORE you have paid, then call your insurance company! NOW is the time to find this stuff out! If you have a situation, then pay for it out of pocket, and try to get your insurance company to pay and it is not covered, it is too late! If it is something that you had to pay for anyways, then it makes no difference what the coverage is. For instance, if your car is stuck on the side of the road, are you going to just leave it there because your insurance company is not going to give you \$80 to tow it home? You get the point. Insurance companies are pretty reasonable with these coverages as long as YOU are as well.

One thing to remember, if you pay for something and are looking to get reimbursed, keep receipts and document the info. The name of who you paid, the driver, etc. The more info, the easier you can get your money. Generally, these types of claims don't result in anything negative on your claims history, as long as they are not abused. If you have a month where you: lock your keys in your car, your car needs to be towed TWICE, your run out of gas AND have a flat, and you want a check for each incident, well, they may be talking to you.

Car Rental

This coverage is another one that can come in handy. If you have more cars than you have drivers in your household, you may not need it, but it is very inexpensive and works well for you if your car is in the shop due to a covered claim that your policy is going to pay for. For example, let's say you have an old beater. It RUNS, but only something you use when running to the landfill and back. Well, if you don't have car rental coverage, and you have to drive that old beater, and your main car is getting fixed and it is taking a LONG time...well, you may just wish you had it. I have encountered this scenario many times. It is rare that I have come across a client who didn't wish they had this coverage when they needed it.

Here is a quick explanation of how it would kick in:

You have an accident. The accident is your fault. You need a rental. You rent the vehicle, and the insurance company either pays for it, or reimburses you. There are times when the accident is NOT your fault, but because fault has not been

determined, your rental coverage may kick in, but in the end, the other company ends up paying the entire bill. Either way, this coverage is a nice safety net to have if you need to get around.

The coverage varies from company to company, but most companies do not cover your rental 100%. They cover a portion of the total cost. For example, some companies will cover the cost as a portion up to a maximum, let's say 80% up to \$1000. (your rental car bill is \$1100. Your company would pay \$880, you would pay \$220. NOTE: This coverage will NOT pay for you to rent a car while you are vacationing in Florida...it ONLY kicks in and is available in the situation of a covered claim. Now, if you DO decide to rent a car while on vacation, your policy coverages may automatically transfer over to the rental. Check with your agent on how this works in your state.

Uninsured Motorist Coverage

This one is pretty simple. It acts just like your liability coverage, but it covers YOU. If you get involved in a hit and run accident, or the person who hits you doesn't have coverage in place, or even ENOUGH coverage, then uninsured motorist coverage would kick in. If this coverage is used, it is likely that there will be some deductible applied before coverage is paid. Check the rules in your state to see what the deductible amount is.

Death/Dismemberment Coverage

It is not fun to talk about, but it does happen. This coverage can give your family money if you die in an accident. It can also give you money if you lose a limb. The amount of coverage can vary, so again, be sure to ask your agent or company if you have this coverage, and if you do, what is the amount of payout.

I really have not sold this coverage very much. I have no problem with it, but since the total coverage is fairly small, I have seen people get a false impression of being protected because this coverage is on their policy. I have even seen people choose not to get additional life insurance because they had this supplemental coverage on their policy. A HORRIBLE idea. This coverage only pays if you get into an accident. I recommend folks get their own life insurance policy, and a disability income policy as well. That is a subject for another ebook though, so I will digress. Suffice it to say,

this coverage is usually not very expensive, but it does not usually provide a lot of coverage. Personally, I do not have this coverage on my policy, but you may feel differently.

NO FAULT states explained

No Fault, by definition, simply means that your policy would pay for you no matter who was at fault for an accident. As stated before, many states have a NO FAULT feature on their policy, related to medical coverage, but some states have NO FAULT total policies. This simply means that the whole accident will be covered by YOUR insurance policy. The other person's would take care of their claim. This includes medical coverage and damage to your vehicle. As of the writing of this ebook, the following state are considered NO FAULT states:

Florida, Michigan, New Jersey, New York, Pennsylvania, Hawaii, Kansas, Kentucky, Massachusetts, Minnesota, North Dakota, and Utah.

In addition to how claims are settled in no fault states, there are also provisions that limit the lawsuits filed against the at fault drivers as well. Most no fault states limit your ability to file a lawsuit except in only the most severe of accidents. There are a few states, however, that have taken this provision away, and allow lawsuits even for smaller incidents. Because of the varied and complex nature of these laws, I ask that if you live in a no fault state and you want to know exactly what your rights are, visit with your insurance agent, company, or a qualified attorney. My best advice is, again, if your policy is covering you and your family, don't skimp on the coverage to try to save money. You may end up costing yourself thousands and thousands of dollars if you are involved in a serious accident.

Chapter 2: **Discounts: (aka “HOW THE HECK CAN I SAVE SOME MONEY?”)**

Deductibles

Deductibles. A woefully misunderstood feature of your policy. Oftentimes, an incredibly valuable one, but, what the heck is it? Well, basically, a deductible is the amount DEDUCTED from what your insurance policy would pay in the event of a covered claim. You are basically self insuring for a fixed amount. Here is an example:

Your collision deductible is \$500. You get into an accident that is YOUR fault, and it will cost \$1500 to fix your car. The insurance company pays \$1000, you pay \$500.

Ok, so now you say “I guess it makes sense to have the smallest deductible policy possible so the policy pays as much of the claim as possible, right?” WRONG! This is where people go wrong all the time. The policy, and insurance does not work that way. The goal of insurance companies (and YOU as well once you realize how insurance works) is to have the insurance companies pay as little as possible for claims. The more money that is paid out in claims, the less money the company has in reserve. If the pot gets too low, they may have to raise rates to get money back in the pot to pay future claims. Make sense? So...if folks can make smart insurance decisions, we can all help to keep rates low for EVERYONE.



Let me put it in perspective for you: If everyone had high deductibles, and did not turn in small claims, insurance rates would be A LOT lower. Most people have the wrong idea that insurance is there to give you money if you have an accident. Well...KINDA. It is really designed to help us out in situations that would otherwise be financially devastating. I hardly think that your scratching your car while backing out of the garage and getting a check from the insurance company for a whopping \$100 qualifies. However, that is EXACTLY what would happen if you had a \$100 deductible on collision, and you caused \$200 damage to your car that was your fault. Now, multiply that scenario THOUSANDS of times, and you see where the problem lies.

HERE is how you can save money on your car insurance, save your claims history, and help to keep costs down for everyone. Listen up, this is a biggie...if you only that this lesson away from reading this, it will be worth the price of admission.

1. **Make your deductibles as high as you can afford to (applies to COLLISION coverage)**-If you have some savings set aside, and can cover a higher deductible in case something happens, then raise your deductible! The higher it is, the cheaper your insurance will be! ALSO, the less money that the company pays out in case of a claim that is your fault, the less your rates will go up. Keep in mind, if you are paying a deductible for collision, it means YOU were at fault, and your insurance premiums may take a hit. Lessen that hit by paying some of the claim yourself in the form of a higher deductible. The bottom line is this, when you have a low deductible, you are paying the insurance company MORE for your insurance because you MAY have an accident one day. Drive safely, raise your deductible and YOU control your money, not the insurance company.
2. **Once you raise your deductible, put that savings back into your BUDGET, not your pocket!**-When you save money on insurance, but that savings somewhere else in your budget. The best place may be savings, so you will have that money set aside if something ever DOES happen.
3. **If you have a small accident, and there is minimal damage, get an estimate first, you may not want to turn in the claim**-I will go over this in detail in the CLAIMS section later, but it is worth mentioning here since it does pertain to deductibles. Sometimes, folks are too quick to call their insurance agent when something happens. A lot of times, your call is reported to claims even if you DON'T end up filing the claim and getting paid. If you have an incident, it does raise your risk level, even if it is small. Personally, I would rather give someone good advice then turn in every small thing they ever did. I recommend people get estimates for small things, ESPECIALLY when it is only their own vehicle involved. Let's say you backed out of your driveway and hit your mailbox. The rear of your car is scratched. Your deductible is \$1000. If you call your insurance company to turn in that claim, here is what happens:
 - a. You now have an at fault incident on your claims record
 - b. You COULD lose a discount because of having 0 accidents on your record

- c. You have to start a process that is tedious and even if well intentioned, is simply not fun.

Here is an alternative scenario:

- a. Get an estimate
- b. Decide if you want to fix yourself, not fix at all, or turn in the claim

See, you have options! If the damage costs only \$900 to fix, and you have a \$1000 deductible, then no call to your company is necessary! Fix it yourself, or don't, you decide! Your claims history remains clean, your rates won't go up, and you can take care of the problem at your leisure, very simple!

Ok, the advice above only applies to Collision deductibles, Comprehensive is the opposite, make the deductible as LOW as you can. Why? Simple. A Comprehensive claim will generally not go against you in any negative way. The situations themselves are not your fault so why would you want to spend money to fix them? ALSO, The coverage is generally less expensive than collision, so you don't save much at all by having a higher deductible. Examples:

1. A rock hits your windshield. You have a \$500 Comp deductible. YOU pay for the windshield!
2. You hit a deer with your car, \$500 deductible, damage is \$2000, you pay \$500, company pays \$1500
3. Someone keys your car, \$500 deductible, damage is \$1000, you pay \$500, company pays \$500

Ok, in the scenarios above, how happy to you think you will be having had to pay ANYTHING out of pocket? Especially considering the claim won't go against you anyways? Answer? You will be pissed. You would MUCH rather not pay anything out of pocket if the claim is NOT your fault, won't go against you, and you won't save much money at all by even having a deductible. Having FULL COMPREHENSIVE, in other words, \$0 deductible on comprehensive makes the most sense. Check it out with your agent or company. I think you will agree...

Uninsured motorist coverage usually has a deductible attached to it if you have to use this coverage. Nothing you can change about this one. This has been explained to me that this is because of fraud and helps to offset the cost of folks saying they had a hit and run, but really damaged the vehicle themselves. Yes, shocking as it is, sometimes people lie to insurance companies. Guess what? You and I pay the premiums for their lies...ALSO, the deductible helps offset the cost of even having to pay the claim for any reason. If someone doesn't have insurance, but is at fault, and your policy pays, the premiums you paid for this coverage, coupled with the deductible, help to alleviate the financial burden on the company.

Bottom line? Make your collision deductibles high, premiums will go down, save the money. Make your comprehensive deductibles low, don't be afraid to turn in those claims.

Multi Car Discounts

Some companies give you a discount for having more than one car insured with their company. This can be a pretty significant savings, but is certainly no reason to go out and buy another car...sounds silly, but I have had that question before. For most, it makes sense to insure all your cars with the same agency or company, but newly married couples for instance sometimes are stubborn about making such switches. I always encourage folks to put everything into the office where they have the best relationship intact. The savings for multiple cars is often similar with various companies, but having that relationship is often a key and extremely valuable deciding factor.

One mistake folks make is that when they get a new vehicle or vehicles, they choose different coverages for the newer policies. Makes no sense. If you have an accident, you want the best policy. Take your time, follow the advice given here, speak with an agent, and choose a policy with solid coverages. Then, when you get additional vehicles, make all the coverages the same. One scenario in which mistakes occur is when someone is trading in an older vehicle for a newer one. The older car may have not had full coverage. If it was paid off, and was not worth much, this is likely. Once the agency does the car change, you will probably want to upgrade your coverages, ESPECIALLY if your car has a lien. Make CERTAIN that you get copies of this new policy reflecting the additional coverages. The lienholder will notify you if you don't.

When you do have additional vehicles insured, make sure that you get copies of any changes you make. If you have to go to your local Motor Vehicle Department for any reason, once you are there is NOT the time to find out that someone made a change to the WRONG car in your household. Get copies of any changes, and make sure the company mails you a new policy.

Multiple Policy Discounts

Another cool discounts that many insurance companies offer is a multiple line or multiple policy discount. This differs from the multiple car discount in that they are rewarding you for having different types of insurance with the same company. For instance, just having your auto insured would be one price, but if you added homeowners insurance, your auto rates would go down. In SOME cases, the discount you receive on your auto could actually pay for the cost of the additional insurance. It is rare, but it does happen. For instance, let's say your auto policy is \$1200 per year. If you are a renter, your renters policy might only cost you \$140 per year. By adding the renters policy, your auto policy might actually go DOWN by \$145 per year. VOILA! YOU just SAVED \$5 by adding a renters policy! Now, some folks might say "That is stupid, why would I care about \$5?" Well...smarty pants, \$5 might not be a lot, but now all of your personal property is insured....uhhh...you shouldn't really have to explain why that makes sense, but sometimes, I still do.

The REAL question is, how can the company make money by allowing me to pay LESS for adding additional policies? Good question. The answer? The company is betting that since you now have more than one type of insurance with them, you will stay with that company much longer. Here is an easy way to look at it. If you only had one auto insured, switching companies would not be that much of a hassle. Now, if you had an auto, a homeowners insurance policy, a life insurance policy, and a disability income policy, well, that would be a little more of a chore. The more insurances you have with a particular company, the more likely you are to stay there. This is generally a good thing. The better your relationship with your agency, the more likely you are to be notified of potential discounts, times when your policy payment is late, hear about additional policies that may benefit you and your family and more. It pays to get to know your agency and agent. If you choose a brokerage or purchase insurance online, you are merely interested in price. Price IS important, but it is merely one factor that goes into determining what is the best value and situation for you. More on that later...

Accident/Ticket Free Discounts

Simply put, drive safely, pay less. Having a pristine driving record can help you in the insurance game in several ways. For one, you will pay lower rates with your existing company. Most companies have some type of discount built in for perfect driving records. At the very least, they start with a certain rate and just add premium with each infraction or incident. Secondly, keeping your driving record clean will allow you the ability to switch to different companies to take advantage of lower rates. This is MUCH harder to do when you have blemishes on your record. Most companies are NOT looking for drivers with tickets and/or at fault accidents. Many folks make the mistake of threatening to leave a company because their rates went up, not realizing that it was their 2 speeding tickets and their at fault accident that caused it. These folks find oftentimes that they cannot leave their current company because no one will insure them. This is not a good place to be. The better your driving record, the more choices you have and the lower your premiums will be.

Longevity Discounts

Are you someone who wants to shop their insurance at every renewal to see if you can save a few dollars? Well, if so, you want to be able to get this discount. Some companies reward policyholders for being longtime customers. They are happy to have built a relationship with you and want to show you their appreciation. Sometimes, these discounts can be significant, and the value of the relationship itself is certainly worth a few dollars. If you are in a serious auto accident and your car is totaled, would you rather deal with the discount insurance shop, or the agent who has taken care of your insurance needs since you began driving?

Safety Features Discounts

Nowadays, these discounts are already figured into the premium based on the VIN number. You may not be able to see the exact discounts you are receiving based on the safety of the vehicle, but rest assured, if you bought a consumer reports safety rated vehicle, your premiums will reflect your wise purchase. Front and rear airbags, side airbags, anti-lock brakes, strength tested bumpers, all of these features result in lower overall premiums for your vehicle. The less damage your car is likely to sustain during an accident and the less likely a passenger is to be injured are the reasons for these discounts. If the accident costs less to settle, the insurance company is happy.

If your vehicle is older, let's say early 90's, make sure to go over some of the safety features of the vehicle. Sometimes, these discounts have to be manually added to the policy so that you are paying the proper premium. Automatic seatbelts, air bags, and anti-lock brakes can make a difference, so be sure to ask your agent if they apply to your situation.

Younger Driver Discounts

If you have kids, or YOU are under 25, then you know how much these discounts mean to you. They are like GOLD! Well, like money anyways. Drivers under 25 are a huge risk. Many more accidents, tickets, injuries, for this population than any other age group. In fact, as of the creation of this ebook, the number one cause of death for teenagers is...driving. That is a HORRIBLE statistic, but a factual one. I urge you, if you are a parent reading this, take your child's driving seriously. They need to be safe and take the responsibility seriously.

Because of the fact that younger drivers have so many more incident, their rates are much higher. Having a 16 year old insured on a brand new vehicle with full coverage can be incredibly expensive. However, if the younger driver demonstrates that they are less of a risk, the insurance company will reward them with lower rates. How can they demonstrate that they are a lower risk? First of all, don't speed. No tickets on the record is a great start. Some companies have their own safe driving program for new and younger drivers as well. Watching a video and filling out a driving log with their parents are just two common aspects of such a program. Once it is completed, it shows the effort of the younger driver to take this responsibility seriously. Here is the kicker: Oftentimes this discount is not even eligible to achieve if the driver has ANY infractions. No tickets, no at fault accidents, NONE.

What if an insurance agent asks to see your child's report card? Well, if they get good grades, let them! They could be eligible for a good student discount! It turns out, younger drivers who get a "B" or better average in school have much safer driving habits than those students who do not perform as well. I have found, that if a new parent makes his child pay for at least part of the insurance premiums, and they show them how much less they would be paying if they were able to get this discount, their grades dramatically improve.

To sum up, clean driving record, safe driving program, good grades all add up to much lower premiums.

Full Coverage vs. liability only

One way people want to try to save money on their insurance is by getting rid of some of the coverages and/or lowering the amount of coverages. This CAN work for you, or it can work against you. As we discussed before, if your car is older, is not worth much, then you may not care to have collision on your policy. If it is new, and has a lien, then certainly you need collision. For certain, if you are paying for collision on a car that has little resale value, you may want to yank it off your policy. Speaking with your agent can really help you to determine how you want your policy to cover you.

As far as OTHER coverages go, here is a quick breakdown:

- Liability-NEVER lower these limits are choose state minimums. Your car can still do massive damage and kill people. Make these limits as high as you can afford.
- Comprehensive-makes sense to have on pretty much every policy. Does your car have a windshield? Get comp. No matter what, keep the deductible low.
- Road Service-it is cheap, you won't save much by getting rid of it, and having it on there will usually save you money and aggravation at some point in your driving career
- Car Rental-if you have an extra car to use in the event your car is in the shop due to a covered claim, you may not need this coverage. Otherwise, keep it.
- Uninsured motorist liability-same as regular liability. This coverage protects YOU, so make it mirror your regular liability limits.

Location of garaged vehicle

This is another way to say WHERE YOU LIVE. If you live in the city, your rates will be higher. If you live in the country, your rates will be lower. The more cars and people around where you live, the higher your rates will be. More people and more drivers equal more accidents and vandalism etc. Now that you know this, do not try to fool the insurance company. Some people actually list false addresses to take advantage of lower rates. If the company finds out, however, they may choose to not pay a claim for you. If you are responsible for \$100,000 worth of damage and the

insurance company discovers your committed fraud, you may be in for some BIG trouble. I am mentioning this because in 20 years, I have discovered MANY scenarios of folks lying about their address...don't do it.

Chapter 3:

Tailoring your policy to suit YOUR needs (aka “DON’T HAVE A \$1000 DEDUCTIBLE ON A CAR WORTH 80 BUCKS!)

Ok, by now, you are starting to become an expert on coverages. Heck, by now, you might have already called your insurance companies and made some changes to your policy that either saved you money, or made your policy better. Either way, I am going to go over some scenarios of how you may want to tailor your policy based on your particular situation. Remember, these are GENERAL suggestions, and I urge you to sit down with your agent to decide what is right for YOU.

Newer Car Policies

First of all, let’s start this section by trying to clear up a common misconception. Just because a car is NEW doesn’t mean the insurance is more expensive. Just because a car is older doesn’t mean it is cheaper. As a general rule, these statements are more true than false, but the fact is, there are variables that go into the rating. For instance, your car may be brand new, but only cost \$12,000 and is incredibly safe. Conversely, you may have a 10 year old car that is still work \$30,000, has a turbo engine, and is a death trap. See what I mean? Be sure to give all the details of the vehicle to the insurance company and let them rate the vehicle. Don’t assume what the premium is going to be just because your car is new, old, expensive, whatever. MANY variables make up the premium.

For these scenarios, we are going with the assumption that as a newer car, it is also more expensive as well. Ok, on to the policy. In general a newer car will be more expensive, and if you didn’t pay cash, you will have a lien on the vehicle. The bank will require full coverage. To recap, we are talking liability, comprehensive, and collision. Oftentimes, the bank will require a specific deductible. Pay attention to their requests. You may be able to choose your own deductible as well, but be sure your policy contains AT LEAST what the bank requires. They will receive a copy of the policy, and if it is incorrect, they can issue you a policy of their own if yours is insufficient. Those policies are usually much more expensive than simply getting the coverage through your own agent. As state before, pay attention to liability. That is

the one that protects YOU. Don't skimp on that coverage...I will say it again, make your limits high, and protect yourself, your family, and your assets!

A common scenario is, you buy a car, then call your agent to SWAP out cars on your policy. Keep in mind, the old coverages you had will stay the same for this new vehicle unless you change them. Make sure your agent reviews them with you at this time. A sleepy agent may not pay attention, the policy and car are YOURS...make sure YOU pay attention. If you do plan on getting rid of your old vehicle, keep in mind, if you do a car change, you will only have a certain amount of time to get your old license plates turned into the MVA. If not, you will receive a fine. You may have to put a policy back on your old car if you do not get rid of it as planned. If you are simply adding an additional car to your household, you are starting from scratch with a brand new application, so this scenario will not apply.

Bottom line:

- Your policy on a new car will GENERALLY be more expensive, but not always.
- If you have a lien, pay attention to the minimum requirements the bank is requesting.
- If you are getting rid of a car and buying a new one, make sure to turn your old plates in to the MVA.
- Make sure to review the new policy once you receive it and confirm all the coverages.

Older Car Policies

We basically covered this scenario when we discussed discounts and coverages in the previous sections, so I won't bore you. The only real variable, in my opinion, when dealing with older vehicles is collision. If the car is not worth much, don't pay the insurance company to insure the replacement value. End of story. It will ALWAYS make sense to keep your liability limits high. It will almost ALWAYS make sense to keep comprehensive and keep it with a low or 0 deductible. Roadside assistance is a good coverage and is cheap. Car rental is either of vital use to you, or you have another vehicle to use and don't need it. That's it, that's my take!

Younger drivers

We know younger drivers are more expensive to insure. We know they are much more of a risk concerning liability. So, what can we do to protect ourselves, and pay reasonable premiums at the same time?

First of all, pay attention to the section on discounts for younger drivers. First try to maximize those scenarios.

As far as the actual coverages, if you are REALLY looking to pay the least amount of insurance when putting a younger driver on your policy, you really only have one solution: No collision. That means buy a car is very inexpensive (a GREAT solution for a first time driver...dents, dings, scratches, who cares!?) If you already have a car in the household without collision, there's your solution! However, if you are like a LOT of parents, or if you are under 25 yourself and getting a car, you may choose to take the more expensive route. You buy a vehicle brand new, need full coverage on it, it is very expensive, and you are not happy. Guess what? That's life. If you are under 25, male OR female, you are a higher risk, no ifs ands or buts. Do what you can to minimize premium, but if your policy requires full coverage, you WILL pay higher than average premiums.

Chapter 4: Claims (aka “To Claim or Not to Claim, THAT is the Question.”)

It is a sad but true fact that the only time you really need your insurance policy is if something bad happens. Claims are the name of the game, and if you know how to play, you can win. This is not you vs. the insurance company mind you, it is you vs. you. You can be your own best or worst enemy in the event of the claim. Despite what some think, most insurance companies, claims representatives, and agents are out to help you. The more you know and the better you handle yourself, the easier you allow them to do just that. Pay attention to the info that follows and you may do just that.

There are quite a few different types of claims pertaining to automobiles, and here I will break them down into 3 general categories: You’re at fault, you’re not at fault and finally, all other scenarios. I will break down specifics of each category, but remember, this is just general advice. When dealing with a claim, you will be dealing with a claims rep, your agent, and potentially, even a lawyer. The information below is just to help educate you about generalities and in no way intended to take the place of the aforementioned individuals.



You’re at fault

Accidents do happen, and unfortunately, SOMEONE has to be at fault. If you are the unlucky one, here are some things to keep in mind.

At the scene:

1. Don’t admit fault even it is clear. Sometimes shared liability exists. Let the expert make those decisions yourself.
2. Be sure to get the info from the other person, if they will give it. Sometimes people think they don’t have to do anything because they were not at fault. If

they won't comply, see if a police officer will help you, OR, if a policy report is made, get the number and have your insurance company follow up to get it after the fact. The other reality is, if they won't give you info...how is your company going to take care of them???

3. Call your insurance company as soon as you can within reason. For example, if you are in the middle of the road, and it is a hectic scene, wait to call. Most insurance companies allow you a more than reasonable time frame within which to report an accident. Waiting until you get home is more than fine.

The next day:

1. Once you have reported the accident, a claims representative will make contact with you to inform you of the procedures. Write down their name, phone number, and claim number and keep it somewhere with you at all times. You never know when someone is going to call about the claim or you will need to contact them. Calling your agent every day because you lost the claim number doesn't exactly speed things up. They will help you, sure, but most of the time, your agent and your claim rep are in two completely different locations and operate almost 100% autonomously.
2. Save receipts. If you HAVE had to get anything done pertaining to the claim on your own (towing, trip to hospital, etc) keep the receipts! It is easy to submit these all at once, but if you are playing detective at the end of the claim to try to gather proof of all expenses, again, this will NOT speed up the claim.
3. Make sure your policy is paid up to date. Yes, it is a little late AFTER the accident to find your policy has lapsed, but some folks forget to pay DURING a claim as well. They think if their car was totaled, they don't need to pay the insurance premiums...not true. You should continue paying, and if a refund is due, your company will issue it after the fact.
4. Make return calls and emails promptly. Nuff said
5. If you are being sued, check with your insurance company as to how they will help you out in this scenario. They are experts at dealing with claims and oftentimes will represent you as part of the claim.

The above references pertain to liability and collision claims almost primarily. In other words, your policy is paying medical and damages to the other person and their car, and your damage to your car as well. If you have car rental on your policy, this would kick in as well for the time that your car is in the shop being fixed. This is NOT a good time to realize your property damage limits are \$25,000 and you just totaled a \$60,000 Lexus. I can't say it enough...MAKE YOUR LIABILITY LIMITS HIGH.

You're not at fault

I guess the only good thing about being involved in an accident that is not your fault is, well, it's not your fault. It STILL sucks. People get hurt, your car still needs to be fixed, and all in all, it is not fun. You can help to make the process a little easier by doing what is recommended in the above list and act to help the process along, not hurt it. Just because the accident is not your fault, don't expect to just sit back and have EVERYTHING be tended to perfectly and run smoothly without your involvement. You may have to make some phone calls. You may have to fax some documents. The bottom line is if you are found to be not at fault, the other company should pay, sure, but that doesn't mean that you cannot be a human being and help do your part in the process. Car accidents are ACCIDENTS...no one wants to go around ramming their car into others, so keep that in mind. The other party is probably sorry the accident occurred. All too often I see and hear of folks who act as if the other party are heartless criminals for hitting them. It is as if they are perfect individuals and the other party are complete worthless wastes of time. Let's keep in mind that accidents do occur, and it could just as easily be YOU at fault as the other person. If the parties treat each other and the insurance company with respect, the process will go much more smoothly and probably even be settled more quickly. Here are some things to keep in mind that may help the process along:

1. Give your insurance info to the other party. No, maybe you were not at fault, but do you really want the other company to have to track down your info or wait for the police report to be filed, then sent to the insurance company? Be reasonable. The more info you give and the more you cooperate and participate in the process the easier and smoother the process will go. I have seen so many instances where people won't cooperate, then complain that nothing is going smoothly and it is taking too long. They then say things like "why should I have to give that info? It's not MY fault..." We are not in the

first grade anymore, we are adults. Pretend you are in the real world and act accordingly. Things will work out much better for you if you do.

2. You CAN contact your insurance company, but if the accident is clearly the other person's fault, they may not even turn in the claim. If the other insurance company has accepted liability and is going to take care of you, there is no reason for them to. If the other insurance company is NOT going to pay or it is undecided, then your company may begin to initiate coverage. Either way, that phone call to your company is never a bad idea.
3. Let the insurance companies handle it. They are experts, they do this ALL the time. Learn the procedure as they tell it to you and hold them to that, sure, but otherwise, step back and let them do their work. Trust me, this is the quickest way to get the claim resolved.
4. KEEP GOOD RECORDS. Make notes of conversations you have had, copies of receipts or any paperwork you have received, or anything that you have gotten from the hospital, policy, insurance company, or car repair facility.

Now, there are also scenarios where you are not at fault, but you are a victim of hit and run, or the other person has no insurance, or is UNDER insured. In these cases, your uninsured motorist liability may come into play. This coverage will protect YOU in these instances. In most cases, there is a state specific deductible that first must be satisfied. Check with your agent to see how this may affect you. Otherwise, the claim will proceed as normal. If you are not found at fault, your rates should not be affected for claims that are paid by uninsured motorist coverage.

All other scenarios

Believe it or not, some claims are easy to handle, and not very stressful to you at all. Many things can happen to your automobile that your policy may cover. The following scenarios would generally be covered under your COMPREHENSIVE coverage:

- A rock flies up and cracks or breaks your windshield (many times, insurance companies waive deductibles if your windshield can be repaired, but your deductible will come into play if it has to be replaced. Remember the \$0 comprehensive deductible recommendation?)

- Something flies off a car or truck in front of you and strikes your car (this would be comprehensive if it hits your car BEFORE hitting the ground. If you run over it, generally it would be considered collision.
- You hit a deer, dog, or other animal (although you actually HIT something while you were driving, insurance companies generally do not fault you for these accidents because of the unpredictable nature of the animal. This would usually fall under comprehensive coverage.
- Someone keys, scratches, or otherwise physically damages your car, NOT with their car.
- Someone steals your vehicle-AGAIN, let me reiterate the \$0 comprehensive deductible recommendation. Imagine if someone stole your car. Now imagine that you had a \$500 deductible on comprehensive. How would you feel about having to be out \$500 because someone stole your car? Let me tell you, you would NOT be happy.
- ANYTHING falls onto your car and damages it, hail, sleet, tree limbs, a bad golf shot...you get the picture.

There could be other scenarios in which comprehensive would cover you, but the above represent the bulk of what can occur to your vehicle and be covered by comprehensive. Another useful coverage is the emergency road service, sometimes referred to as TOWING. As you will see, it can cover you for many more scenarios than just towing, and because it just costs a few dollars extra, it is usually worth the extra protection it provides. Here are some scenarios in which your Emergency Road Service coverage would kick in:

- Your car breaks down and needs to be towed-KEEP IN MIND most companies stipulate that they will reimburse you to have your car towed to the nearest repair facility to be repaired. NOT your favorite body shop that happens to be 300 miles away from the place your car broke down.
- You run out of gas and need someone to bring you gas, or be towed to a gas station.
- You lock your keys in your car and you need a locksmith.
- You are in an accident and your car needs to be towed.

- Your car won't start and needs to be jumped, and you call a tow truck to give you a boost.

Be sure to check with your company to see if they will actually PAY for these services, or simply reimburse you after you have paid. Make sure to keep your receipts for these transactions as many times, insurance companies will check with the service providers to verify the nature and amount of the charges.

Chapter 5: **Let's Go Shopping!**

Now that you have learned how your policy works, what your coverages mean, and how to save some money by maximizing discounts, its time to go shopping for a policy, right? WAIT...ask yourself the following questions:

1. How long have I been with my current company?
2. Has my agent been helpful to me?
3. Do I have any reason to switch companies other than shopping for a better price?

If you have been with your company for a long time, they have serviced you well, and you cannot think of any specific reason to switch other than price shopping, I would say DON'T SWITCH. Having a relationship with your current company can be equally if not more important than paying a little less premium. If you have decided to switch however or are going shopping for insurance for the first time, let's check out some of your options below.

Internet Based Insurance Companies

Some folks nowadays buy everything off the internet, while others still don't trust putting their personal info online. Personally, I love buying things off the internet. No gas spent, no traffic to deal with, no long lines, I can take my time, all kinds of positives. However, I don't buy EVERYTHING from the internet. I love to develop relationships for a lot of what I purchase. Supporting my local community, getting to know who I am doing business with, having someone in my corner whom I know and trust in case there is a problem with the purchase, you get the idea. Sometimes it makes sense to know who you are doing business with.



When you purchase online, you are giving up the ability to develop that relationship. Sure, pointing and clicking is easier, but when do you really need insurance? When you buy a car, sure, they make you get it, but you REALLY need insurance if you have a claim. It really helps to know that you can call someone whom you know if that happens. How much of a relationship did you develop with that online form when you submitted your vehicle and personal info, as well as your credit card info? Kinda seems impersonal know, huh? Some internet insurance sites may be awesome, and who knows, you may NEVER have a claim, but keep this in mind: MANY have tried the online insurance game, and MANY of those have already gone out of business. The number one concern you should have with any insurance company is that they have money to pay claims when the time comes. Choosing a well established and financially successful company makes good financial sense in this regard. Purchasing online may save you time, hassle, and perhaps even a few dollars, but you may be giving up peace of mind, financial stability of the company, and the added benefit of building a relationship with your agent.

The Good: Possible lower price, don't have to drive to agent's office, easy point and click purchases

The Bad: No ability to build a relationship, the company will not have much if any.

Insurance Brokers

For those of you that aren't familiar with what a broker does, well, they shop FOR you. In a sense. Basically, they take your personal information and show it around to various insurance carriers looking for the best price. This seems like a pretty good idea, and for some, it works well. In my opinion, brokers are the best solution for larger commercial policies. If you own a large business, then this arrangement can work well. You pay thousands if not tens of thousands in premium. You may not need to make many if any changes to your business policy throughout the year, so there is not much contact with the company (except for an occasional insurance certificate request) and shopping your huge premium every year may make sense. As long as the brokerage places your policy with a large and financially secure company, what's the harm? However, if you are looking at just your personal lines insurance (i.e. auto, homeowners, renters, life) you may want to go the more personal route. With a brokerage, again, you don't really get the chance to develop that personal relationship. Your brokerage may act as your agent, but their focus is usually on large premium commercial clients, and your one or two automobiles may seem like small

potatoes. If you find a brokerage that can deliver personalized service, and will work diligently to find you great pricing as well, this arrangement CAN work to your benefit.

The Good: They will shop lower prices for you, take some of the hassle out of the insurance process for you.

The Bad: Less likely to build a relationship, you won't have longevity with any company as they will often switch your policies as soon as they find a lower price.

Your neighborhood insurance agent

Do you want an agent who is "Like A Good Neighbor?" May you would rather feel like "You're In Good Hands" when dealing with your agent? MAYBE you just want someone who is "On Your Side?" Well, chances are, all of these slogans bring one thing to mind: Your neighborhood insurance agent.



Ok, I may be a bit biased when speaking of neighborhood agents because that is where I have spent my career, but for me, personal service is key in dealing with insurance and financial services. The knowledge that you have someone you can speak with who knows you, your family, your personal situations, that has taken care of your insurance needs for years, is, well, comforting. Not all agents are as good as the commercials make you believe, but if you look around, ask for referrals, you can usually find someone who puts personal service at the top of their list of priorities.

Some local agents are independent, meaning they can sell insurance from a variety of companies, much like a broker, and some are captive, meaning they must sell insurance from only their parent company. State Farm is an example of a captive agent model. While price IS a concern when looking for insurance, keep this in mind: Prices vary, and will always vary. What I mean is, company a may offer you the lowest price, for now. In 3 years though, their price may go up, and company b, who you switched FROM, may be lower than company a. If you spend all your time switching when rates are low, you have established yourself as a price shopper, and not a valued relationship to the company. As you have probably gotten from my

repeated advisements, I recommend you stay in one place. Find a home you love and stick there! Get to know your agent, the staff, the different products they offer. Most companies now offer such an array of products that you can get all of your insurance and financial needs taken care of at the same place where you have your car insurance. An agent who is really into personal service will often offer yearly insurance reviews. These are great opportunities for you to review your policies, see if any changes are needed, or see if additional policies are needed. Have a new child? Maybe you need life insurance. Your daughter is turning 16? You need to add her to one of your auto policies. You get the picture. Your neighborhood agent, in my opinion, offers the best combination of price and overall service for your insurance dollar.

The Good: Personal relationships, an agent and staff that can really get to know YOU, one stop shopping for insurance and financial needs

The Bad: You are limited to the products and prices offered by that particular agency or company.

Chapter 6: The Wrap Up

Ok, that wasn't so bad, was it? You are now an auto insurance expert! Well, at least you know a little more, huh? We went over the coverages, how they affect you in the event of a claim, how you can maximize your discounts, how to tailor a policy for your particular situation, how various claims are covered and how they can affect you, and we even covered the various ways to shop for insurance and the pros and cons.

Now, it's your turn to decide what to do with YOUR insurance. The information provided in this ebook can help almost anyone in one way or another. Maybe your liability coverage is too low, maybe your deductibles are too high, or maybe you don't even need collision. Maybe you are missing out on a discount because you don't have all of your insurance at the same place. The point is, you now have the info to make the changes or corrections that make sense for you and your family. I want to thank you for taking the time to read and learn about something that affects us all. Some folks simply take it for granted. They know they have to pay for it, yet most never take the time to understand what it is they are paying for.



We plan to offer a series of ebooks covering other insurance topics to help you and your family make informed decisions based on your OWN knowledge, not the knowledge of the person trying to sell you products. Please visit www.InsuranceXplained.com to see what other ebook we have to offer. We are planning ebooks for homeowners/renters, life insurance, and health insurance as well.

About the Author

Mac Cassity is the founder and creator of www.InsuranceExplained.com, a website dedicated to helping the average American family understand insurance through a series of easy to follow and understand information ebooks.

Mac is a licensed insurance agent with more than 20 years experience selling and servicing all types of insurance products including automobile, homeowners/renters, life, and health insurance.

Mac has written numerous articles on insurance and spoken to groups of insurance agents as well as insurance clients on the value of different types of insurance products and the importance of having an overall foundation of insurance in place for you and your family.

