

## How to Save Money on Auto Insurance

Auto premiums can go up, even if you don't have a claim. When costs associated with auto repair, labor, medical costs, fraud, theft and bodily injury claims continue to spiral, insurance companies have to do more with the premiums collected. Who pays for these increases? We all do.

### Drive Safely!

Motorists can generate savings on insurance by maintaining a safe driving record. Surcharges normally associated with at-fault accidents and serious violations can be avoided. Additionally, many insurance companies offer other types of discounts, though they vary from state to state.

### Typical discounts include:

- **Driver training discount.** For young drivers who have completed driver training courses.
- **Good student discount.** Limited to high school or full-time college students over the age of 16, and is usually contingent on maintaining a B or better grade average.
- **Resident student discount.** Offered by some companies to an insured whose family includes a young driver who is a resident student, without a car, at a college more than 100 miles from home.
- **Multi-car discount.** Usually available to those who insure two or more cars with the same company.
- **Air bag discount.** Available by some companies to drivers of cars with air bags, since studies show that the safety devices have reduced injuries to vehicle occupants.
- **Anti-theft device discount.** Available by some companies to customers whose vehicles are equipped with alarms or disabling devices that reduce exposure to theft.
- **Non-drinker and non-smoker discounts.** These are becoming increasingly popular with consumers.
- **Multiple policy discount.** Available by some companies to individuals carrying more than one policy (i.e. auto, home, life, health) with the same company.
- **Commuter or carpools.** If you drive just a few miles to take public transportation to work or carpool, ask if a mileage discount is available.

### Cutting Costs

Here are some ways to save on your auto insurance without sacrificing your insurance needs.

- **Shop around.** Check with several insurance companies and agents before making a final decision. Chances are that you will find differences in service as well as premiums.

Also, ask questions regarding their claims handling process, how long they have been in business and their financial stability or rating.

- **Increase your deductibles.** You can reduce your premiums if you shoulder more of the risk. By increasing your deductible, you are responsible for small losses, not your insurer. Increasing your deductibles could reduce collision and other than collision premiums.
- **Choose the right car.** Before you buy a car, ask your agent or company representative how the premiums for the vehicle you want compare with those of similar models. Premiums are higher for most luxury and sport models and four-wheel drives because of higher accident repair costs and auto theft experience.
- **Consider eliminating collision and other than collision coverages.** A general rule is to eliminate these coverages if your car is worth less than \$1,000, because it may cost more to insure it than what you would collect after an accident. Keep the auto liability coverage intact.

## Teen Driving

Age is one of the key variables involved in determining auto insurance premiums. After the age of 30, age has less effect on premiums.

According to the U.S. Department of Transportation, teenagers are involved in a disproportionately high number of traffic accidents. Immaturity and lack of driving experience are the main reasons. As a group, teens are more willing to take risks and less likely to use safety belts. And for 16 year-olds, all these problems are heightened. The combination of inexperience behind the wheel and immaturity produces a pattern of fatal crashes among 16 year-olds that includes the highest percentage of crashes involving speeding, the highest percentage of single-vehicle crashes, the highest percentage of crashes with driver error, and the highest vehicle occupancy.

In 2003 drivers under the age of 20 were 4.8% of the total drivers in the U.S. yet they accounted for 22.1% of drivers in all accidents. Analyses of fatal crash data indicate that teenage drivers are more likely to be at fault in their crashes. Teenagers' crashes and violations are more likely to involve speeding than those of older drivers, and teenagers are more likely than drivers of other ages to be in single-vehicle fatal crashes. Plus, teenagers do more of their driving at night, and in small and older cars compared with adults. About 40% of teenagers' fatalities occur at night, especially weekend nights.

Three-fourths of the teen passengers killed in crashes were in cars driven by other teens. Not only are the loss of lives and the number of injuries so terribly unfortunate, property damage from these collisions cost our country billions of dollars.

Of teenage drivers, death rates are highest among males, and most accidents occur on weekends. Nighttime fatal crashes per 100 million miles traveled by teenage drivers are about four times the rate for 30 to 54 year-old drivers.

## Graduated Licensing

A graduated licensing program helps young drivers between the ages of 15 and 18 improve their driving skills and habits before receiving full driving privileges. In a comprehensive program teens spend at least six months learning and practicing with a licensed driver, with limits on the number and age of passengers and other restrictions. Most states have experienced tremendous success in lowering teen crash numbers after adopting graduating licensing programs, with decreases of up to 32% reported. Nevada's graduated licensing program is among the least restrictive. Nevada teens have been required to pass a 30-hour driver education course, as well as complete 50 hours of behind-the-wheel driving experience. Beginning July 1, 2001, teens were granted the opportunity to complete the driver education requirement through a state-certified Internet or video program, in addition to maintaining the classroom alternative.

### Tips to help keep auto insurance premiums down for young drivers:

- It is usually cheaper to add young drivers and their vehicles to the family's auto insurance policy rather than buying a separate one. But doing so can leave family assets open to lawsuits if your young driver is found at-fault in an accident and damages exceed your policy limits.
- Consider higher auto liability insurance limits, especially beyond the state's minimum limits. To help defray the additional premium, consider higher deductibles or paying for minor fender benders out of pocket.
- Students with good grades prove to be better drivers. Also, if student keeps the vehicle at school, it may be in a lower risk location, meaning a slight reduction in premiums.
- Parents should take an active role in driving education.

## Older Drivers

Older drivers (age 70 and older) have higher rates of fatal crashes than any other group except young drivers, according to the U.S. Department of Transportation. Some states issue restricted licenses to older drivers, depending on ability. Nevada requires a vision test for license renewals at age 65. The number of over-70 drivers grew 29 percent in the 10 years ending in 2002, while the total number of drivers rose only 12 percent. In 2002 (latest data available) 19.9 million, or 10 percent of all licensed drivers were over the age of 70. The highest motor vehicle crash death rate is among males 85 years and older.