

Money for Life

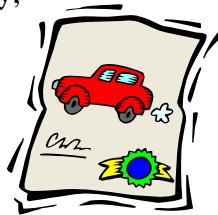
October 2007

Dear Readers,

The insurance rates you pay for your car can vary dramatically depending on the insurance company, agent or broker you choose, the coverages you request, and the kind of car you drive. This month's newsletter features information from the Insurance Information Institute to help you lower your insurance costs.

Shop Around

Prices vary from company to company, so it pays to shop around. Get at least three price quotes. You can call companies directly or access information on the Internet.



You buy insurance to protect you financially and provide peace of mind. It's important to pick a company that is financially stable. Check the financial health of insurance companies with rating companies such as A.M. Best (www.ambest.com) and Standard & Poor's (www.standardandpoors.com/) and consult consumer magazines.

Get quotes from different types of insurance companies. Some sell through their own agents. These agencies have the same name as the insurance company. Some sell through independent agents who offer policies from several insurance companies. Others do not use agents. They sell directly to consumers over the phone or via the Internet.

Don't shop price alone.

Ask friends and relatives for their recommendations. Pick an agent or company representative that takes the time to answer your questions. Compare quotes from insurers for the same amount of coverage.

Before You Buy a Car, Compare Insurance Costs

Before you buy a new or used car, check into insurance costs. Car insurance premiums are based in part on the car's sticker price, the cost to repair it, its overall safety record, and the likelihood of theft. Many insurers offer discounts for features that reduce the risk of injuries or theft. These include daytime running lights and anti-theft devices. To help you decide what car to buy, you can get information from the Insurance Institute for Highway Safety (www.iihs.org).

Ask for Higher Deductibles

Deductibles are what you pay before your insurance policy kicks in. By requesting higher deductibles, you can lower your costs substantially. For example, increasing your deductible from \$200 to \$500 could reduce your collision and comprehensive coverage cost by 15 to 30 percent. Going to a \$1,000 deductible can save you 40 percent or more. Before choosing a higher deductible, be sure you have enough money set aside to pay it if you have a claim.

Reduce Coverage on Older Cars

Consider dropping collision and/or comprehensive coverages on older cars. If your car is worth less than 10 times the premium, purchasing the coverage may not be cost effective. Auto dealers and banks can tell you the worth of cars. Or you can look it up online at Kelley's Blue Book (www.kbb.com). Review your coverage at renewal time to make sure your insurance needs haven't changed.

Buy your Homeowners and Auto Coverage from the Same Insurer



Many insurers will give you a break if you buy two or more types of insurance. You may also get a reduction if you have more than one vehicle insured with the same company. Some insurers reduce the rates for long-time customers. But it still makes sense to shop around! You may save money buying from different insurance companies, compared with a multi-policy discount.

Maintain a Good Credit Record

Establishing a solid credit history can cut your insurance costs. Insurers are increasingly using credit information to price auto insurance policies. To protect your credit standing, pay your bills on time, don't obtain more credit than you need and keep your credit balances as low as possible. Check your credit record on a regular basis and have any errors corrected promptly so that your record remains accurate. You can request a free copy of your credit report once every 12 months from each of the three nationwide consumer credit reporting companies by calling 1-877-322-8228.

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Ask about Group Insurance

Some companies offer reductions to drivers who get insurance through a group plan from their employers, through professional, business and alumni groups, or other associations. Ask your employer and inquire with groups or clubs you are a member of to see if this is possible.

Seek Out Other Discounts



Most insurance companies offer discounts to policyholders who have not had any accidents or moving violations for a number of years. You may also qualify for a cut if you have recently taken a defensive driving course, if you are over 50 and retired, or if there is a young driver on the policy who is a good student, has taken a drivers education course or is away at a college, generally at least 100 miles away.

Some companies offer discounts to motorists who drive a lower than average number of miles per year. Low mileage discounts can also apply to drivers who carpool to work. Discounts may not be available in all states or from all insurance companies.

The key to savings is not the discounts, but the final price. A company that offers few discounts may still have a lower overall price.

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