

Auto Insurance—Am I Getting The Best Deal?

Nebraska requires drivers to carry auto insurance coverage that meets the financial responsibility limits required by law. It is smart to shop and compare prices for insurance. Remember that in addition to price, a good insurance value includes quality service and coverage that fits your individual needs.

Understanding how auto insurance is rated is the first step in determining what an insurance premium will cost because rating factors determine the price of coverage. Characteristics of similarly situated drivers are evaluated and then grouped into classifications. Insurance companies will establish a rate for each group based on the claims paid for drivers in that classification. The higher the loss for a particular classification, the higher the rate will be for that class of driver. Factors considered when determining a rate include driving record, age, sex and marital status; location; and type of vehicle and its use.

Make sure to review the deductibles currently on the policy. Deductibles are applied to losses to a vehicle and must be exceeded before the insurance company pays. By using higher deductibles, the cost to insure the physical damage to a vehicle will be reduced. It is important to examine your own financial situation to determine just how much of a loss you are able to retain. As a vehicle gets older, it may not be cost-effective to insure it for physical damage. The value of a vehicle depreciates rapidly, so be sure to compare the cost of insurance in relation to the value of the vehicle. When shopping for a new vehicle, it is a good idea to contact your agent to see how much the insurance will be on a particular vehicle. The costs may vary greatly depending on the make and model of the vehicle.

Keep the following tips in mind when comparing pricing for various insurance companies.

- Make sure the premium quoted is for the exact same limits and coverages.
- Determine if any updates are needed – any additional vehicles or drivers?
- If you own the vehicle, this is a good time to determine whether you need to carry full coverage on your vehicle or just liability.
- Companies may offer a discount for insuring two or more vehicles or if the vehicles have special safety equipment or anti-theft devices.
- You may qualify for a discount if you have other insurance policies such as homeowners insured with the same company.
- If you have teen drivers, does the insurance company offer a discount for completing a driver's education course or a good student discount?

After shopping and comparing prices, there are 3 important things to remember: (1) consider the company's financial strength; (2) never cancel your current policy until your new policy is effective; and (3) be sure to answer all questions on the application truthfully, as wrong information could cause an incorrect price quote, denial of coverage, or cancellation.