

Do I have any control over my auto insurance rates?

The New Jersey automobile insurance marketplace continues to be in a constant state of change. Each passing administration has made changes to the insurance regulatory system in hopes of stabilizing premium costs. These changes have included introducing tort thresholds, promoting fraud reduction, increasing rate factors for “bad” drivers and legislating outright rate rollbacks.

The conditions of the insurance market have made acquiring car insurance extremely difficult for some motorists. And, of those that do have insurance, many feel there is little they can do to decrease their premiums. However, there are a few precautions that can be taken to allow people to receive the lowest rates possible and avoid raising costs.

Driving record

An operator’s driving history affects rates and could predict future claims activity. Obeying the rules of the road and driving defensively are your best ways to lower rates.

Type of vehicle

A major factor in the rating of your physical damage insurance (i.e., other than collision and collision insurance) is the type of vehicle you own. In assigning a rate, most insurance companies begin with the cost of the vehicle and the model year. Generally, the higher the cost of the vehicle and the newer it is, the higher the rate. However, further adjustments are made for the vehicle’s weight, body type, engine performance, actual loss experience from past years for that model, etc. We can give you a rating comparison for vehicles you are considering

purchasing or leasing, which will give you some control over the cost of your insurance.

Coverage

Some people prefer to assume more of the risk of loss on their autos and save on premiums. It may make sense for you to remove other than collision and collision coverages on older vehicles or increase your deductibles on newer vehicles.

Use and residence

Your employment opportunities and lifestyle most likely will dictate the kind of use your vehicles get and the location where they are garaged—two things that impact your rates. However, there is a way you can gain some control over the rating of your vehicles. You may want to consider driving the lowest-rated vehicle (for example, an older vehicle without physical damage coverage) for activities that have the highest rate for use (for example, business use or long-distance commuting to work).

Timely premium payment

Always pay your premiums on time. Late payments can affect the rates you pay. Issuing cancellations, processing late payments and, then, issuing reinstatements, add significant costs to the servicing of auto insurance policies. Some companies have a low tolerance for late payments under policies that are eligible for their preferred pricing.

Credit management

Many insurance companies have established a link between a person’s credit history and that person’s probability of having a car accident. As strange as this may sound, there appears to be an objective basis for using credit analysis, known as insurance credit scores, to predict which policyholders will have greater-than-average loss experience or less-than-average loss experience. Managing your credit and your credit report will help to lower rates on your auto insurance.

Discounts

There are some standard discounts, such as those for taking a driver training course or a defensive driving course, qualifying as a good student, insuring multiple vehicles on the same policy, installing certain anti-theft devices and maintaining certain safety equipment (for example, passive restraints or anti-lock brakes). Some insurance companies have developed their own discounts for such things as buying your homeowners policy from the same company. Our agency would like you to take advantage of every discount that is available to you, so don’t hesitate to call us for a discount review.

Fight fraud

The main types of fraud are staged accidents and phony or exaggerated medical bills. If you are concerned about your auto insurance costs, be sure to contact the governor and your state legislators and urge them to support reforms to drive the cost of fraud out of the state’s auto insurance system.

