

AUTO INSURANCE

SURVIVAL GUIDE

“A guide to helping you choose the **RIGHT** insurance at the **RIGHT** price.”

Brought to you by **Empire Region Insurance Agency**

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Auto Insurance

What it is and why it is important

Beyond being a prerequisite to legally drive a car, auto insurance is essential to protecting your assets if they're threatened by an accident, natural disaster or nasty legal battle. The latter is where you really stand to lose, so make sure that you get adequate liability coverage!

Key considerations for the auto insurance shopper:

- » Make sure you have sufficient liability insurance in the event that someone decides to sue you for everything and then some.
- » Buy a policy that has adequate uninsured/underinsured motorist coverage (this coverage should match your liability coverage amount).
- » Lower your premium by opting for a higher deductible.
- » The type of car you own and the nature of its use will effect your premium.
- » Take the time to shop around; it will save you money.
- » Consider saving money by combining your auto and homeowner's policies.
- » Compare policies with similar levels of coverage.
- » Buy from a reputable company that has a good A.M. Best rating.
- » Learn the jargon before you talk to an agent (see glossary).

Questions to ask yourself

What are my existing coverages?

- » Make sure you know your existing policy: check your declaration page.
- » When comparing policies, compare “apples to apples” – i.e., policies with similar coverage levels.

How much liability coverage do I need?

- » In general, it is better to err on the side of too much liability coverage.
- » If you have a lot to lose, opt for higher coverages.

What optional coverages do I need?

- » Does the value of your car merit comprehensive and collision coverage?
- » What extra coverages, such as towing and rental car, do you need? Not need?

How high a deductible can I afford?

- » The deductible is the amount you pay before your insurance kicks in.
- » If you can afford to pay a higher deductible, you will save on your premium.

USEFUL INFORMATION

What determines how much I pay for auto insurance?

- Age
- Retirement status
- Driving record
- Deductibles
- What you use your car for
- Where you live/where you park your car
- Vehicle specifications - antilock brakes, alarms, airbags, GPS systems
- Education level, grade point average (GPA)
- Profession, professional memberships
- Type of vehicle
- Marital status
- Credit history/insurance score
- Education level
- Military service
- Whether you have had continuous coverage
- Number of claims you filed previously.

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GLOSSARY

Assets - Material or monetary resources.

Bodily injury - Liability coverage that covers other people (not your passengers) involved in an accident.

Collision - Coverage for damage to your vehicle resulting from an accident.

Comprehensive - Non-accident-related coverage for your vehicle (hail damage, theft, etc.).

Deductible - The amount you pay before your insurance company starts paying.

Deductible risk - Opting for higher personal property damage deductibles in order to lower your premium.

Liability - Expenses you are responsible for if you're the party at fault.

Medical payments - Personal medical coverage (in states without no-fault laws).

No-fault insurance laws - Some states have no-fault insurance laws, where each person's expenses are covered by his or her insurance company, regardless of who is at fault.

PIP (Personal Injury Protection) - In states with no-fault insurance laws, personal injury protection provides you with medical coverage and compensation for lost wages in the event of an accident. PIP coverage is required in most states.

Premium - The cost of an insurance plan. Most plans cover a six-month period.

Property damage - Liability coverage for damage to another party's property.

Quote - A price offered by an agent for an insurance policy.

Uninsured/underinsured liability coverage - This kind of coverage protects you and your passengers if you are involved in an accident with an uninsured or underinsured motorist. This coverage is required in most states and should match the limits you have for bodily injury and property damage liability.

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THE FINAL CHECKLIST

Are you certain your new policy's liability coverage is adequate?

- » Are your liability limits high enough (good) or are they the bare minimum (not so good)?
- » Does your uninsured/underinsured motorist coverage match your injury and property damage liability limits? (It should.)

Do your new policy's deductibles reflect your assets?

- » Will your deductible clean out your savings if you're in an accident?
- » Can you afford to take on more deductible risk in exchange for lower premiums?

Do your optional coverages reflect your needs and assets?

- » Are you paying unnecessary collision and comprehensive for your beater car?
- » Does your hot new import have enough protection?
- » What extra coverages, such as towing and rental car, do you need? Not need?

Have you inquired about available discounts?

- » Are there discounts related to academic performance or professional affiliation?
- » Do you have a separate policy with the company? (If so, you can often get a multiple-line break.)
- » Will any added security devices or participation in safety courses reduce your premium?

Do you understand your payment structure?

- » If you're opting to make payments, what is the overall cost of your policy?
- » Can you save money by making a one-time yearly or six-month payment?

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