

[Auto insurance discounts to ask for: complete guide](#)

Insurance.com

You don't have to wait until your auto insurance policy is up for renewal to ask about discounts. Your carrier or agent may not take the time to alert you to all discounts for which you are eligible. Be your own advocate by reviewing this page to understand what discounts are available now and use resources on this site to compare auto insurance quotes online.

Determine the most affordable car insurance available to you. If you discover you can get better rates and discounts, move your policy to another auto insurance carrier right away.

How discounts affect your car insurance rates

Where do discounts come in? Insurers observe that drivers with certain characteristics tend to have fewer accidents and file fewer claims. Insurers reward customers possessing those characteristics. Suppose you work from home and drive very little, and your insurer has determined that those who work from home have accidents at half the rate of other drivers. In that case, your expected cost to the insurer drops, so it can charge you less for coverage. That's the reasoning behind auto insurance discounts.

In addition, states may require insurers to offer certain discounts to encourage good driver behavior — such as taking defensive driving courses.

Understand how car insurance rates are calculated. Risk factors are carefully reviewed when determining auto insurance premiums.

Base rate: Your insurer determines your base rate based on your risk factors.

Surcharges: Factors that could result in surcharges are considered, such as a ticket on your driving record.

Discounts: Your insurer looks for information that may reduce your potential risk and matches you with an appropriate discount.

Your final premium is calculated this way:

Base rate + surcharges - discounts = premium

Types of car insurance discounts

Being a great driver, operating a vehicle with the best safety features and having a child with impressive grades can all help you save money.

Here is a summary of different car insurance discount types:

Auto insurance discount types

Customer loyalty Demographic Driver affiliations Driving history

- Bundled
- Early renewal
- Multi-car
- Multi-line bundled)
- Loyalty

- Good student
- Home-owner
- Low income
- Senior

- Affinity
- Emergency roadside assistance
- Military

- Accident-free
- Good or safe driver
- Usage or low mileage

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Driver training Equipment-related Payment

- Defensive driver course
- Driver training

- Anti-lock brakes
- Anti-theft
- Green/hybrid
- New car
- Safety/ restraint

- Auto-pay
- Paid-in-full
- Paperless

List of car insurance discounts and savings

The following 25 auto insurance discounts may be available to you; be sure to ask an agent about these opportunities to save. Note that car insurance discounts may vary by state, vehicle, driving record, credit history and other factors.

See chart at: <http://www.insurance.com/auto-insurance/car-insurance-discounts.html>

How much can I save with discounts?

As the chart above shows, affiliation, loyalty and multi-car discounts can mean great savings, while others might just mean 2 percent. Advertised discounts also don't necessarily apply to your entire insurance bill. A discount might only apply to your personal medical coverage, which is a relatively small part of your policy. It's also possible that when you claim one discount, the insurer may reduce or eliminate others.

There is often a limit on the overall discount you can get on a policy, for instance some insurers permit total discounts of no more than 25 percent.

Your savings may also depend on where you live. Consumer Reports analysts found that student driver

training discounts varied by location.

Location examples and driver training savings

California \$334

Louisiana \$155

Massachusetts \$386

National Average \$63

The good student discount for families with student drivers under 25 also varied considerably.

Location examples and good student savings

California \$474

Louisiana \$688

Minnesota \$471

National Average \$260

Tips to get the best auto insurance discounts

If you start adding up all the auto discounts in which you qualify, you may think your insurer's going to pay you for the privilege of providing coverage for your car or truck. Sadly, it doesn't quite work that way. But there's no doubt that the clever application of discounts can hugely reduce your premiums.

Here are six tips that could help you pay the least possible amount for your car insurance.

1. Know the available discounts

A 2015 survey revealed that fewer than one in five Americans ask for auto insurance discounts, according to The Business Journals. That's a big mistake you really don't want to make.

Insurers are enterprises, and they aren't going to hand over any of their profits to you unprompted. Dan Wade, an attorney with non-profit consumer advocacy group United Policyholders, talks about "insurers' increased use of 'price optimization,' which refers to how much a consumer is willing to pay for the product/how much of a price increase they will tolerate or notice before switching." In other words, your premiums may be based on what your company thinks you're willing to pay, rather than the risk you present.

So next time you get car insurance quotes or renew, first access the list of discounts and savings on this page, and run through the ones that might apply to you with the insurer's call center agent. Focus in particular on the ones providing the biggest savings, such "bundling" insuring your home, car and maybe other policies with the same insurer) and putting multiple vehicles on the same policy. Others might shave only a few bucks a year off your payments, but together they could represent serious savings.

2. Shop around every year – especially for discounts

You may think loyalty to your insurer is buying you a great deal. But a survey by Consumer Reports reveals that nearly half of the insurers in Washington state gave a zero discount to those who'd been loyal for 15 years. Loyalty discounts varied widely by company and state, so the only way you can be sure you're getting the best deal is to compare quotes whenever you renew or change insurer. Auto discounts 1

That's a point taken up by vice president of communications at the Insurance Information Institute Loretta L. Worters: "One important thing to keep in mind is that the key to savings is not necessarily getting discounts, but the final price. A company that offers few discounts may still have a lower overall price."

And Wade concurs: "Shop and compare; don't assume you are getting the best deal simply because you bundled all your insurance or have been with the same insurance company for a long time," he says. "In some cases, you may actually pay more."

Before comparison shopping, check whether you're eligible for special discounts because you're a member of a particular group. Some insurers may offer special rates for those serving in the military or veterans. Or you may save because your employer or union has a deal with an insurer or you're a member of a particular club. Some of these "affinity" discounts are the biggest available, and can save up to 25 percent on your premium. But that still doesn't automatically make them the best overall deal.

3. Don't fixate on discounts

Be cautious about spending money to obtain richer discounts. For example, you might earn a discount of between 5 percent and 20 percent for fitting anti-theft devices though some companies insist they're factory-fitted to qualify), such as tracking devices, alarms and kill switches. But Consumer Reports

suggests that some expensive add-ons earn you very little.

Take tracking devices. TopTenReviews reckons that in 2016 a high-end one of these could cost you \$1,157.80 over two years when you add the monitoring subscription to the cost of the device. But Consumer Reports says the average discount for fitting one is \$8 a year. Meanwhile, an audible alarm might save you \$4 a year and etching your VIN on your window \$2. Of course, if you want these things anyway, go ahead. But don't think your resulting car insurance discount is necessarily going to contribute more than a tiny fraction of the cost.

Some discounts are more worthwhile than others. The average one for a defensive driving course is 10 percent, if you're a young or inexperienced driver or a senior. That course might cost you around \$100, though you may be able to find them for \$30, depending where you live. So it's possible you could get all the benefits of what you learn while your insurer foots the entire bill.

4. Save when you pay upfront

Managing customers' accounts represents a significant expense for insurance companies. So they're happy to incentivize you to make the processes involved easier and less costly. You could save on average 3 percent just for agreeing to pay online and forego paper statements. Some may offer more in exchange for automated payments, and you could get 5-10 percent off if you pay your whole annual premium upfront.

Providing you're tech-savvy, these are ideal discounts because they cost you nothing. Well, nearly nothing: Paying the premium upfront will deny you some interest on your savings, but with yields the way they are you may find that discount among your best investments.

5. Make sure you get what you need

When you're comparing quotes for automobile insurance, it's easy to focus on the bottom line, and go for the lowest premium. But that's a dangerous strategy. Auto discounts 2

With more than 30 years' experience in the insurance industry, Patti Clement knows more than most about getting good auto discounts. And as senior vice president and managing director of Private Client Advisors at HUB International, she regularly sees how chasing those discounts without regard to other

factors can lead to trouble.

“Make sure that you understand what insurance coverage you have and what your potential out of pocket expenses will be in the event of a loss,” she says.

And Clement warns, “Also, make sure that you carry good liability coverage, not the minimum state requirement. Many people are under-insured – not understanding that if you cause bodily injury or property damage to others that you are responsible for the damages, even if they exceed your insurance policy limits.”

Worters raises other non-cost issues: “It doesn’t matter how good a ‘deal’ you get if service is sub-par,” she says. “The best way to check out a company’s financial stability is through rating agencies like Standard & Poor’s. The best way to check out a company’s service is by checking with friends and family members to see what kind of service they’ve had with their insurers.”

6. Compare quotes quickly but carefully

Comparison shopping for insurance and financial products can be daunting, but there are ways to simplify the process:

Read “How to switch car insurance companies” to avoid tripping yourself up.

Get your car insurance quotes.

Organize them in order of cost, with the least expensive on the top of your actual or metaphorical pile.

Read through them first, comparing what it offers with your existing policy. Focus especially on coverage, exclusions and deductibles.

Work your way down the pile, pulling out the ones that give you all you need at low prices.

Check quotes from good insurers. Clement suggests, “Make sure that the insurance company has an A rating or better. Don’t just shop for price but look for a company that will be around to pay the claim.”

Call the insurers’ call centers and run through the list of discounts on this page to see if you can get an even lower premium.

Even with multiple quotes, this process can often be achieved in an hour or two. But, potentially, the saving you might achieve could see those your highest-earning hours of the year.

Getting the right discounted auto insurance



The table below lists potential car insurance discounts and provides examples of insurance companies that offer each savings opportunity.

See table at: <http://www.insurance.com/auto-insurance/car-insurance-discounts.html>

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