

Can roadside assistance sabotage your car insurance?

Fox

When your car battery dies or you get a flat tire, having a roadside assistance plan can be a godsend. Car insurance companies generally offer cheaper roadside plans than those of motor clubs.

However, these programs raise a question in many consumers' minds, says Amy Bach, a lawyer and the executive director of United Policyholders, a San Francisco-based non-profit organization that advises consumers on insurance issues.

"People wonder if a claim will eventually go on their record," says Bach.

The worry may be justified. It's possible multiple claims for roadside assistance could cause an auto insurance company to reconsider whether or not it wants to keep a customer, Bach says.

"It's unlikely that an insurance company will drop you or raise your rate if you file one or even two claims) in a year," Bach says.

However, Bach adds that multiple roadside assistance claims in a short period of time would likely put a driver under closer scrutiny.

"It could cause your insurance company to raise your rates" or decide not to renew your roadside assistance insurance, she says.

Following are some potential pitfalls drivers should consider before signing up for an insurer's program.

How multiple claims affect car insurance

According to ConsumerReports.org, some car insurance companies report roadside assistance claims to ChoicePoint, a company in Alpharetta, Ga., that collects claims information for the auto insurance industry.

When you have multiple claims, this information can make its way to ChoicePoint and may eventually be viewed by auto insurers.

State rules vary in terms of whether – and how – your provider is allowed to penalize you for making an insurance claim, Bach says. But multiple roadside assistance claims in a short period of time could cause some insurance companies to raise your rates, she says.

“When you file claims, insurance companies look at their frequency, severity and who’s at fault,” Bach says.

Roadside assistance claims usually aren’t severe. But if they’re frequent, it could let your provider know your car isn’t particularly stable, she says.

Will you lose coverage for excessive roadside claims? Bach says it’s difficult to know, because insurers combine claims information with many other factors when deciding who to cover and at what rates. Such factors include the driver’s age, sex, city, vehicle and credit history.

To be on the safe side, it’s important to contact your insurance agent to find out whether multiple roadside assistance claims could affect your rates or coverage.

Even if car insurance companies don’t penalize drivers for making multiple claims, many policyholders still may fear using their roadside assistance services, says Bach.

If there’s a small problem, such as a flat tire, they may decide to solve it themselves, she says. That way, they know that no assistance call will go on their record.

“Many people believe it’s best to fly under their insurance company’s radar by not filing a claim,” she says.

However, paying for coverage but not using it doesn’t make financial sense, Bach says.

Limitations of car insurance roadside assistance

Roadside assistance plans from auto insurance companies often cover the vehicle instead of the driver. So, drivers with this type of coverage cannot call their insurance company for roadside help if they are driving a friend’s vehicle and it breaks down.

By contrast, assistance plans from organizations such as Heathrow-Fla.-based AAA cover the member who belongs to the program. That means members can call for assistance no matter which vehicle they’re traveling in.

For example, suppose a teenage child is a passenger in a car driven by another teenager, and they experience a flat tire while on the road.

“If your teenager is covered under a roadside assistance plan that follows the customer, instead of the car, then your teen could still get roadside assistance help, even though the vehicle does not belong to them,” says Christie Hyde, an AAA spokesperson.