

Divorce and auto insurance: Splits boost cost

Insurance Quotes

If your marriage or domestic partnership ends, get ready for a possible hike in your car insurance premium.

People often get discounts of up to 5 percent just for being part of a couple, says Jim Armitage, an insurance agent in Arcadia, Calif. That's because insurers have found that married people and domestic partners typically drive more safely and file fewer claims than singles do.

Insurers "see married people as being more stable and less likely to file a claim," says Amy Bach, executive director of the United Policyholders consumer group based in San Francisco.

When you apply for a new policy for yourself, your cost will be based on things like your personal driving history, where you live, your age and your annual mileage.

Depending on your living arrangements following a breakup, you may not be able to "bundle" the same policies anymore. Bundling your home and auto policies when you purchase insurance coverage from the same carrier can earn a discount of 15 to 25 percent, Armitage says.

If you have a discount for insuring multiple cars on a single policy, a divorce ends that. Those savings can range from 10 to 20 percent, says Armitage. "It's a pretty hefty discount."

Divorce and auto insurance: Shopping for another policy

Car insurance is a competitive business, and it pays to comparison shop. You'll likely find the lowest rate if you seek quotes from several carriers.

Remember: Getting your own policy could come with benefits. If your ex-spouse has an accident and is found liable for causing serious injuries or major property damage, you can't be held legally responsible, Armitage says.

Insurance underwriters will no longer factor in your ex-spouse's driving history when setting rates, says Kevin M. Lynch, assistant professor of insurance at The American College in Bryn Mawr, Pa. This could be good if your driving record is clean but your ex-spouse's record is poor.

"You will be judged only on your driving," he says.

Tell your auto insurer about a divorce

Carriers want to know about your divorce or separation. However, they typically will allow you to continue

using your old policy until you finalize details about the ownership of shared automobiles.

“A lot of times cars are jointly registered, so it takes time to get it sorted out,” Armitage says.

Insurers want cars to be covered in the names of their registered owners. Before you decide to claim the fanciest car in the family fleet, be aware that expensive cars are generally more expensive to insure and cost more to fix following collisions.

Pay attention to your credit history

All states — aside from California, Hawaii and Massachusetts — allow insurance companies to use your credit history as a factor in establishing your rates.

Insurers have found that people who pay their bills on time are less likely to have an accident or file auto insurance claims. If your spouse or domestic partner has a history of late bill payments, a divorce or separation will give you a chance to establish your own credit identity. This eventually could lead to lower car insurance rates, Bach says.

You can check your Equifax, Experian and TransUnion credit reports for free once per year at AnnualCreditReport.com.

Beware of policy gaps

It’s important to buy a new auto policy before you cancel the old one. If you fail to do this, you could be temporarily without car insurance, Armitage says. That means if you have an accident, you could be responsible for paying for any property damage or injuries you cause before the new coverage takes effect.