

## [How to Save by Bundling Auto and Home Insurance](#)

Nerd Wallet

When it comes to insurance, we all look for ways to save money. One of the easiest and most common ways to save is by bundling auto and home insurance with one company.

Insurance companies typically offer discounts in exchange for carrying more than one type of insurance with them. In addition to auto and home insurance, some companies offer discounts for bundling renters, condo, life, mobile home, umbrella and other insurance products.

Discounts vary from one company to the next and by location, but they generally range from 10% to 20% or more for each policy bundled.

Here are some things to know about bundling insurance policies, so you can decide whether bundling is right for you:

Most customers see savings

Nearly 8 in 10 customers bundled at least two policies with their insurer, according to J.D. Power's 2015 study of homeowners insurance customer satisfaction.

Insurance companies offer bundling — or what they call multipolicy discounts — because they want to maximize their profits and get more of your business. Once they get your business, they want to keep it; retention rates are higher among customers who bundle home and auto insurance or other policies.

For the consumer, “the advantage of bundling policies, first of all, is financial. It does save you money,” says Lynne Chesley, a Seattle independent insurance agent.

There are other advantages, too. If your driving record takes a turn for the worse or you've made a high number of auto insurance claims, having all your policies under one roof might protect you from being dropped by your insurance company. “You're more likely to keep your coverage if your insurer has more business with you,” Chesley says.

With bundling also come conveniences, like getting one bill for all your insurance premiums and having an agent review all your coverage in one sitting.

Convenience is one thing, but discounts are the largest driver of bundling, according to the J.D. Power

study. The survey found customer satisfaction was higher overall among customers who bundled additional policies with their homeowners insurance than among those who did not.

Bundling might not be for everyone

Gen Y customers, those ages 21 to 38, were less likely to bundle than customers overall, according to the survey. And Gen Y customers who did bundle were more likely to bolt if they could get better coverage and a better price elsewhere.

For these consumers and others, bundling might not be all it's cracked up to be. "It really depends on the scenarios," says Chesley, who as an independent agent sells policies for different carriers.

She says a better rate can trump a discount. "Usually, people are shopping for a rate," she says. "If I have a great rate with Hartford on the house but an even better rate on auto with another company), and I'm saving the customer) \$500 there, then I'm not going to bundle."

Tips on better bundling

Amy Bach, executive director of United Policyholders, a San Francisco-based advocacy organization for insurance buyers, advises consumers to make sure bundling is worthwhile. "They need to know they wouldn't be better off splitting their business between companies," Bach says. "You might be getting a better price, but you might also be sacrificing coverage you need."

For example, Bach says, one insurance company might specialize in insuring cars but have little expertise or experience handling home insurance claims, or its home insurance business might be handled by a third party. In that scenario — and because a home is a more valuable asset than a car — bundling might not be a wise move, she says.

Chesley urges consumers to look for the best insurance rates and best coverage for their needs, period. She recommends that consumers talk to an insurance broker who can get quotes from multiple companies. Agents who sell exclusively for one company can only offer discounts available with that carrier.

Whether you shop online for quotes or deal with an agent, be sure to ask if the company underwrites the policies or if it is merely a conduit to a third-party insurance company. Although they might be able to save money in a third-party scenario, consumers won't be dealing with their primary insurance company anymore.

Even if you're shopping for one product only, like auto insurance, it's a good idea to ask for a quote on another type of insurance you already have with another company, says Linda Horton, a State Farm agent in Dallas. "It might be eye-opening how much it could save you overall by bundling both with one company," she says.

Bundling home and auto insurance

Bundling generally works in two ways. Some insurers, like Nationwide, offer a single multipolicy discount. At Nationwide, it's up to 20%. As with many insurance companies, Nationwide's bundling discounts can apply to combinations of home, auto, life, motorcycle, boat and other insurance products. Other insurers, like State Farm, offer separate discounts instead of a single multipolicy discount. State Farm customers who bundle home and auto insurance policies can get up to 22% off their auto premiums and up to 35% off their homeowners premiums.

#### Bundling auto with renters or condo insurance

In general when bundling, the discounts are bigger when combining auto with home insurance. Many insurance companies also offer discounts for bundling auto insurance with renters or condo insurance, but discounts typically are smaller because renters and condo policies are cheaper than homeowners insurance.

"Generally, the bigger the house or the living space, the bigger the discount," Horton says, adding that renters' discounts for bundling typically run about 5%.

#### Bundling with life

Many large insurance companies offer life insurance as part of their bundling options. Life policies, particularly term life policies, are relatively cheap for consumers, and insurance companies like them because customers with a life insurance policy are less apt to switch insurance carriers, Chesley says. Life insurance customers might be reluctant to go elsewhere for fear they might not qualify for a different policy because of health issues, age and the possible need for a medical exam, among other factors.

#### Next steps

When bundling, take stock of what you currently or eventually might want to insure. Once a year, review whether your insurance bundle is still at a reasonable price. If it isn't, shop around. NerdWallet's price comparison tool can help you compare auto insurance quotes.

When you have more than one insurance need, it's smart to consider the savings you might get for bundling two or more policies with one insurance company. Even then, however, it's wise to shop around. You might be better off buying your insurance products a la carte from different companies. Choose the route that suits your particular needs.