

What to Do if Your Car Insurance is Canceled

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You reach into your mailbox and retrieve a letter from your auto insurance company. It says you and your car are being kicked to the curb. That's right — you're being hit with a car insurance cancellation. "What am I going to do?" you ask yourself.

Ask why

If the reason isn't apparent in the letter, you should contact your insurer to find out why your policy is being canceled.

Some of the common reasons your auto policy could end up on the chopping block include:

You neglected to pay your premium.

Your driver's license was suspended or revoked.

You weren't entirely honest on your application.

Additionally, if your policy is brand new, your insurer may cancel you for any reason. States allow only a short amount of time for this, usually within the first 60 days, according to the National Association of Insurance Commissioners.

Fight back

Your insurance company is required to contact you in advance of any cancellation so that you're not completely blindsided. The amount of notice you get depends on the rules in your home state.

See if there's anything you can do to have the decision reversed, advises Amy Bach, executive director of United Policyholders, an insurance consumer group in San Francisco.

"If you can work it out with the insurance company to be reinstated, that's usually the first step most people want to take," she says.

Write a letter urging them to take you back, and see if your state can help. In Illinois, for example, you can appeal to the state Department of Insurance, which holds hearings on this stuff.

Shake it off

If the insurance company seriously won't budge, it's time to shop around. Gather several quotes online from reputable car insurance companies. And don't drag your feet, Bach cautions.

"It's best not to wait to shop because sometimes it can take a while to get insurance), and you want to be in the driver's seat and not be scrambling last minute to put insurance in place before your current policy) expires," she says.

If you're not able to line up a new policy with another insurance company, you likely could get coverage through your state's "assigned risk" program. This type of auto insurance is often pricey and is available to drivers who have trouble buying a policy in the private market, according to the Insurance Information Institute.