

Will I really save on auto insurance as soon as I turn 25?

Bankrate

If you're a driver under 25, you've probably heard of the money magic that's supposed to happen when you reach the quarter-century milestone, such as being able to rent a car at a standard rate — without young-driver surcharges.

Another big plus of hitting the big 2-5? You could save on auto insurance.

A birthday benefit

"Generally, once you turn 25, your rates are going to be a little better," says Robert Passmore, senior director of personal lines for the Property Casualty Insurers Association of America.

One of the characteristics that can factor into an auto insurance rate is your age. Drivers in the under-25 crowd usually see higher rates because they are considered higher risk. Families who add a young driver to their auto policy can expect a 79 percent premium increase, on average, according to a study commissioned by InsuranceQuotes.com, a Bankrate-owned website.

So once your 25th birthday rolls around, be sure to ask your insurer to take a new look at your premium, says Amy Bach, executive director of the insurance consumer group United Policyholders.

"You always should ask. Don't wait to be offered a discount or a rate reduction," she says.

This millennial's personal experience

I turned 25 recently and was eager to take advantage of a lower car insurance premium. I emailed my insurance agent a few days after my birthday to see if I could get my rate knocked down.

Later that day, a representative from my insurance company called and left a voicemail informing me that I would be eligible to receive a lower rate — but not right away.

"We will be able to give you any additional savings that you might be entitled to on your renewal date)," the rep said.

Cue that DJ-scratching-the-needle-across-the-record sound effect that they use so much with unpleasant surprises on reality TV.)

My renewal date isn't until June; I didn't want to have to wait that long.

It was time for me to take action at that point, Passmore says.

“If your current insurer won’t reduce your rate), you probably should just shop around,” he advises. “You could always go back to your insurer and say, ‘Hey, I got a better rate from somebody else. Do you want to keep me?’”

‘Age ain’t nothing but a number’?

It turns out that turning 25 doesn’t always mean you’ll automatically save on auto insurance, and not just because you’ll probably need to be diligent and ask your insurance company to give you a break.

Though you’re transitioning to a different risk pool, there are some factors that could keep you from saving money on your coverage, including any traffic tickets on your record.

Buying a sports car or even a newer model car also could affect your premium, since those types of vehicles typically cost more to insure, Bach says.

On the other hand, some factors could work in your favor, such as getting married, Passmore adds.

Still, keep in mind that all insurance companies don’t operate the same way, he adds.

“Companies differ in how they approach the underwriting process.”

Loyalty comes with a price

Insurance companies are more likely to come up with a reason to raise your rates before they find a reason to reduce them, which is motivation enough to be proactive about securing the savings you deserve, Bach says.

“It’s good to take matters into your own hands and use competition to your advantage,” she says.

Use online resources, such as Bankrate.com, to compare auto insurance quotes and find the best rate for the coverage you need.

You also should consider raising your deductibles to an amount with which you’re comfortable, Passmore adds.

“You can save a lot of money year after year by just increasing your deductible by a couple hundred dollars,” he says.

Also, be aware that your insurer may expect that you’ll never shop around, and research suggests that remaining loyal to your insurer may cost you.

“If your insurer assumes you’re going to stay with them no matter what, then they’re not going to give you all the discounts that you may be entitled to,” Bach cautions.