

Opinion: Higher gas prices requires rethinking habits

By Rick Rodgers

There is nothing that makes your wallet squeal louder today than pulling into the gas station and dropping \$50. Gasoline prices have risen more than 12 percent in the past 12 months, and some experts are predicting they'll reach \$5 per gallon in the next six months.

The average household now spends \$50 per month more on gasoline than last year.

But that's not the whole picture. Higher fuel prices affect a lot of other expenses in the family budget, from heating to food. The government estimates the average household is spending \$150 per month more this year because of higher oil prices.

You can try to ease the pain at the pump by using your car less, but you should also look for other places to offset that extra \$150. Car insurance is a good place to start.

According to the Insurance Information Institute, the national average auto insurance premium is \$850 per year. Can you reduce that? **Here six ways:**

- **Shop around regularly.** Your insurance agent doesn't have a lot of incentive to reduce your premiums. I recently met a consumer who told me he had been with the same agent for 15 years. After he shopped his insurance with another agent, he saved \$1,600 on his premiums for all his coverage. The Internet makes it easy compare costs for the same coverage, or you can get an independent insurance agent to shop for you. Contact the Independent Agents Association at 800.2217917. (Be sure the company you go with has a good credit rating and

claims-paying history.)

- **Bundle your coverage.** Bundling is combining different types of policies (auto, homeowners, liability, etc.) with the same company. The theory is that the company will discount the premiums if they have all of your business. The most common combination is packaging your auto insurance and homeowner's policies together. Or, find companies that will bundle auto insurance with renter's or tenant's insurance. Bundled packages usually result in a 10 to 15 percent savings.

- **Ask for discounts.** You may qualify for discounts, but you won't know until you ask. They're commonly offered for good driving records, anti-theft devices, vehicle safety features (anti-lock brakes, air bags, automatic seatbelts), low annual mileage and insuring more than one car. The spunky Flo from Progressive claims discounts are also available for buying your policy online, paying in full up front, and being a loyal customer.

- **Take a defensive driving class.** Even if you've been driving for years, you can learn a lot from driver education and most insurance companies recognize the value of a refresher course, which can help you avoid accidents. The amount of discount varies by insurance company and from state to state, although most insurers offer a 10 percent discount on your premium for three years. AARP offers a driver safety program for those over age 50, and it's available online.

- **Increase your deductible.** Do your auto and homeowners policies have low deductibles? If so, you may be able to reduce your premiums 15 to 30 percent by raising the deductible on your collision and comprehensive coverage. Make sure you have an emergency fund set aside to cover the cost of repairs before you make the change. But your homeowners policy may be the first place to consider raising the deductible, since statistics show the average homeowner files a claim only once every nine years. Be sure to check with your mortgage

holder first; some specify maximums.

- **Change cars.** This is probably the most difficult savings tip to implement but may have the largest impact on your premium. Used cars are cheaper to insure than new ones (excluding antiques); sports cars are more expensive to insure than minivans. Insurance companies like cars with safety features and low repair costs. Insure.com surveyed 900 vehicles in the 2012 model year and lists the rankings from the most expensive to least expensive on their website. Six of the 10 cheapest were minivans.

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