

Cut Auto Premiums With a Few Easy Steps

by SmartMoney.com

HERE'S A BIT OF good news for frustrated drivers: For the first time since 1999, auto insurance premiums are dropping this year, according to the Insurance Information Institute. Granted, it's not by much, a mere 0.5%, bringing average annual cost to \$847. Not exactly enough to fund a road trip.

But here's another way to cut costs: install security and tracking devices in your car. Not surprisingly, auto insurance companies are big fans of drivers who take extra steps to protect their cars and they're willing to reward them with generous discounts. Here are some easy ways to save and make sure your car doesn't fall into the wrong hands to boot.

Theft Prevention

Has this happened to you? You go to drive your trusty automobile, only to discover it missing altogether. Car theft is more common than you think: a whopping 1.2 million cars were snatched off the road in 2005, according to the FBI's Uniform Crime Reporting Program. The most likely crime scenes include Las Vegas, Phoenix, and Sacramento, Cali., according to the National Insurance Crime Bureau.

Car alarms, keyless-entry remote controls, and steering wheel disablers like The Club are surprisingly effective in deterring would-be auto thieves. "If a thief sees a big iron bar, it has a strong impact," says Michael Jordan, executive editor of Edmunds' magazine, Inside Line. So it's not surprising that many insurance companies will give you a discount if you go the extra mile and purchase one of these devices. Hartford and Allstate generally offer a 5% discount off comprehensive coverage while State Farm's discounts range between 2% and 10%. Discounts vary based on insurance companies, states, and counties.

These antitheft devices are widely available at affordable prices. Most new cars are equipped with keyless-entry remote controls. You can also buy one for as little as \$19 at K-Mart¹. The Club is available at AutoZone² for \$40.

LoJack

Drivers also receive discounts when they install LoJack, a stolen vehicle recovery system that puts a tracking device into your car. Again, discounts vary based on your insurance company and state. If you live in Massachusetts, Rhode Island, New York or New Jersey, you're in luck. These states require insurance companies to give discounts.

State Farm's discount ranges from 10% to 30% off comprehensive coverage. Drivers who only have LoJack receive the 10% discount while those who have a layered antitheft approach, which includes the devices listed in the section above, are eligible for the 30% discount, according to Jeff McCollum, State Farm spokesperson. State Farm offers these discounts in every state but rates and categories will vary from one state to another and by county.

Owning LoJack doesn't guarantee any discounts for other companies. Hartford doesn't generally offer discounts for LoJack unless the state mandates it, says Hartford spokesperson Sue Honeyman.

LoJack costs \$695 (a one-time purchase and installation fee) and is sold at your local car dealership³.

OnStar

Like LoJack, OnStar, an in-car navigation system with tracking capabilities, also functions as a stolen vehicle recovery system. Once the driver files a stolen vehicle report, police can then track the car's location. OnStar is installed strictly in GM cars. (Similar systems are offered by other manufacturers.) GM drivers who are insured by GMAC Insurance are eligible for a 20% OnStar Anti-Theft Discount off their comprehensive coverage.

"This discount is available because OnStar reduces our comprehensive losses," says Wade Bontrager, vice president of direct marketing at GMAC Insurance. "The success record of recovering stolen vehicles is such that it warrants a 20% discount. OnStar reduces our claims exposure since it helps us recover the vehicle quickly, usually before it's taken apart."

This 20% discount is available to GM drivers every time they renew their policy.

AAA Memberships & Discounts

Depending on which state you call home, you'll be assigned to membership in a specific AAA group. Although AAA members can apply to any insurance company for coverage, they can only receive AAA discounts for security and tracking devices if they have coverage through AAA. Some AAA groups offer

coverage through their own insurance company while others act as insurance brokers.

For example, AAA Southern California has its own insurance company, Interinsurance Exchange of the Automobile Club. Members who receive coverage from this carrier and have a car alarm and LoJack are eligible for a maximum of 9% and 18% off their comprehensive coverage, respectively.

AAA New York doesn't have its own insurance company. Instead, it offers members coverage through Progressive Insurance, Hartford, and Travelers, among others. Members who receive coverage through one of the club's affiliates are eligible for a 6% to 7% discount off the whole policy. Members who use car alarms, The Club, or LoJack can receive a 5% to 25% discount off comprehensive coverage.

AAA South has its own insurance company, Auto Club South Insurance, and also acts as a broker to members in Florida, Georgia, western Tennessee and Puerto Rico. Members with AAA coverage receive an average discount of 3% for alarms, 3% to 5% for disabling systems, and 10% for tracking devices, like LoJack, off their comprehensive and collision coverage. Members who receive coverage from one of the club's affiliates, like Hartford or Progressive, receive similar discounts off their comprehensive, liability or collision coverage.

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