

Average car insurance rates rise 3.4 percent in 2Q

by *BusinessWeekOnline*

Auto insurance rates rose for the second straight quarter, with the sharpest jumps occurring in Indiana, Arkansas and Rhode Island, according to a report released Thursday by Insurance.com.

The online auto insurance agency said that the lowest car insurance quotes, on average, increased 3.4 percent over the first quarter to \$1,893 per year from \$1,831 per year.

The rate report is based on insurance quotes given to consumers during the second quarter from 15 insurance companies, including Progressive Corp., Safeco Corp., Hartford Financial Services Group Inc. and Travelers Cos.

The most expensive auto insurance quotes were in Louisiana, New Jersey and Washington, D.C., while the least expensive states for auto insurance quotes included Ohio, Wisconsin and Maine.

Rates jumped the highest in Indiana, rising 6.7 percent to \$1,501, followed by a 6.1 percent increase in Arkansas and a 5 percent spike in Rhode Island.

Following a 1 percent increase in the first quarter, this marks the second straight quarter for rate increases, the report said, reversing a trend of steady or declining rates for the past few years.

"Car insurance companies are continuing to raise prices due to rising medical costs and the rising cost of repairing vehicles," said Dave Roush, chief executive of Insurance.com, in a statement.

Roush expects rates to continue to increase through 2009.

Sam Belden, director of consumer experience at Insurance.com, said there are several ways consumers can seek out lower car insurance rates.

For example, consumers who may have cut back on driving or who are carpooling as a way to offset escalating gas prices can ask their carriers about reduced coverage, he said. Many companies offer a "low mileage" discount to those who drive less than 10,000 miles each year.

Carriers may also offer breaks to consumers who own older models of cars or hybrid cars, Belden said.

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