

by PR-NewsWire

DARIEN, Ill., Aug. 25 /PRNewswire-FirstCall/ -- What you don't know about your car insurance policy could be draining your wallet right now. Insure.com, Inc. (Nasdaq: NSUR - News) has revealed 12 factors that may be costing you money.

1. You'll pay for your friend's bad driving

If your friend borrows your car and crashes it, you'll have to file a claim with your insurance company. You'll have to pay any deductible that applies and your rates could go up as a result of your claim, especially if you have made other recent claims.

2. Your personal property in your car isn't covered by your auto insurance

Stolen or damaged items like compact discs aren't covered by your car insurance.

3. You may be entitled to payment for sales tax and registration fees for a new car

Most states require insurers to pay sales taxes on total loss settlements. Some states require the insurer to pay it at the time of loss while other states require it to be paid only if you purchase a replacement vehicle within a certain time period. Make your request for a sales tax reimbursement no matter where you live.

4. You may be entitled to a diminished value claim in some states

Diminished value is based on the idea that any car that has been in an accident, regardless of how well the repairs are done, is worth less than the exact same car that hasn't been in an accident. However, most states allow car insurers to use policy language that officially disallows diminished value claims.

There's one way you may be entitled to a diminished value claim: If someone else hits you and you make a damage claim on that person's insurance. That's called a third-party claim and it's possible to get diminished value damages as a third party.

5. You may be able to "stack" your coverage

Stacking uninsured/underinsured motorist coverage means you can collect payment more than once within the same auto policy or across two auto policies. There are two scenarios for stacking: First, if you have multiple cars, you can collect the limit of your UM/UIM policy to cover full payment for damages. Second, if you have more than one policy with UM/UIM coverage, you can make a claim under each policy until all your damages are recovered. Check the language of your policy.

6. Making a claim could increase your car insurance rates, but by how much?

When an insurance company decides to raise your premiums because you make a claim, it doesn't follow any hard and fast rules; many factors are involved. For example, if you make a claim and have a birthday before renewal time, your birthday might bump you into a higher risk category along with the claim.

Some insurance companies have "accident forgiveness" guidelines. When you buy or renew your policy, ask how to qualify for accident forgiveness.

7. If you don't drive much, "usage-based" car insurance could save you money

"Usage-based" car insurance allows you to buy coverage based on how much you actually drive. If you don't drive much, this can save you up to 60 percent on your insurance. Progressive is the first insurance company to offer "pay-as-you-drive" policies through its MyRate program. Your mileage will be measured by a wireless device installed in a car port.

If your insurance company doesn't offer usage-based coverage, inquire about "low-mileage discounts."

8. Your credit history may affect your car insurance premium

Car insurers believe that your credit history is an indicator of whether you are going to make a claim, and price your insurance policy accordingly where states allow it.

9. You must officially cancel your insurance policy when you switch insurers

You can cancel your coverage at any time by notifying the company in writing of your intended date of termination. Most consumers assume that if they decide to terminate the policy at the end of the coverage period, they can simply ignore the bill. Insurance companies don't see it that way. They will send you another bill for the next premium payment, and when you don't pay it, the company can cancel you for nonpayment, which goes on your credit record.

10. You can wait to add your teenager to your policy until he or she is licensed

In most cases, insurance companies don't require you to add your teenager to your policy until the teen has his

or her driver's license. The exception may be if you are in a high-risk insurance pool; you may then have to add your child when they receive their permit.

11. Paying in installments will usually increase your overall bill

"Fractional premium" fees are usually charged when you divide your annual premium payment into installments rather than pay for a year of coverage all at once. It can be as little as a few dollars per payment, but the more you break it down, the more it adds up. When you apply for the policy, ask what the fees are for paying in installments. If you can, pay your annual premium all at once.

12. Your car model affects your premium, but by how much?

Auto insurers have a premium-rating system for every car model, usually based on "Vehicle Series Ratings" (VSRs) received from the Insurance Services Office (ISO). This rating indicates how comparatively expensive your vehicle should be to insure. Factors include susceptibility to theft and typical claims losses for the vehicle.

If you are shopping for a new car, contact your insurance company and ask about the premium difference among the cars you are considering.

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