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22 Auto insurance



Top things to know

1. You're a statistic. To an insurer, you're not a person, you're a set of risks. An insurer bases its premium (or its decision to insure you at all) on your "risk factors," including some things that may seem unrelated to driving a car, including your occupation, who you are, and how you live.

2. Insurers differ. As with anything else you buy, what seems to be same product can have different prices from different companies. You can save money by comparison shopping.

3. Don't just look at price. A low price is no bargain if an insurer takes forever to service your claim. Research the insurer's record for claims service, as well as its financial stability.

4. Go beyond the basics. Most states require only a minimum of auto-insurance liability coverage, but you should look for more coverage than that.

5. Demand discounts. Insurers provide discounts to reward behavior that reduces risk. However, Americans waste some \$300 billion a year because they forget to ask for them!

6. Ask for the real thing. Insurers cut costs by paying only for car parts made by companies other than the car's manufacturer. These parts can be inferior. Demand parts by the original equipment manufacturers (OEMs).

7. At claims time, your insurer isn't necessarily your friend. Your idea of fair compensation may not match that of your insurer. Your insurer's job is to restore you financially. Your job is to prove your losses so that you get what you need.

8. Prepare before you have to file a claim. Keep your policy updated, and reread it before you file a claim, so there are no surprises.

In lesson 22:

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