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TIPS ON SHOPPING FOR AUTOMOBILE INSURANCE

Maryland law requires all owners of registered motor vehicles to purchase and maintain insurance for bodily injury liability, personal injury protection, property damage and uninsured motorists protection at certain minimum levels. Failure to maintain automobile insurance will result in substantial fines being assessed against the owner by the Motor Vehicle Administration.

Comparison shopping is the key to getting the most for your insurance dollar. The best time to shop for insurance is before you purchase a car, trade in a vehicle, add drivers or when your policy is up for renewal. Here are some basic tips to follow when shopping for insurance:

Before buying a new car, determine your insurance costs. High performance vehicles usually come with higher insurance costs.

Know what insurance coverage you are buying. Before you call a producer or company for a price quote, familiarize yourself with the insurance coverages you are buying. It is important to know which coverages Maryland law requires you to purchase and what optional coverages you may purchase.

Comparison-shop. Make certain you provide the same information to each company or agent, and that you compare policies that offer the same coverages and have the same deductible(s) and coverage limits. This way, you can make sure you are comparing "apples to apples" and will be able to tell how much money, if any, you are actually saving. You may want to contact several insurance companies or agents, as well as asking your relatives and friends for recommendations. In addition, some banks, employers and special interest groups offer insurance directly to their members.

Ask for price quotes. When you call an insurance company or producer, typically you will be asked: the make/ model/year of vehicle, number of average annual miles, region in which you live, the types of coverages you want and the dollar limit for each of those coverages, and information about your driving record (accidents or violations). Make sure the information you provide is accurate and that you provide the same information to each producer or company that you call.

Also, keep in mind that one insurance group often includes many companies (not just the ones listed in our guide), and the rates and/or underwriting requirements may be different for each company within the group. Ask the agent about other companies in the group.

Ask about deductibles. A deductible is the amount you agree to be responsible for in the event of damage to your vehicle (i.e. accident, fire or vandalism) before the insurance company makes any payments. If you select a high deductible, you will pay more out of your own pocket for any damage or loss; however, your premium should be lower.

Ask for discounts. To help keep your premium down, ask what discounts the company offers (i.e. security devices, safety devices, good-driving record, defensivedriving courses, good student, etc.) and if you qualify for any of them.

Understand how the company decides what your policy will cost. When applying for auto insurance, companies evaluate your risk and the likelihood you will file a claim. This is referred to as underwriting. Once your level of risk has been determined, the company will group you with policyholders who have similar risk characteristics. Then, the company will assign a rate based on the claims history for your risk group.

Protect yourself from insurance fraud. It is illegal for unauthorized companies and agents to sell insurance in Maryland. Once you have selected an insurance company, contact the Maryland Insurance Administration at www.insurance.maryland.gov, or call us at 800-492-6116, to verify that the agency/company is authorized to sell insurance in Maryland.