

Creating the Budget, Exercise 6, Auto Insurance (Chapter 4)

If you drive a car auto insurance is required and there are many companies willing to provide you with a policy. If you have not done so in the last six months it is recommended that you speak to five insurance carriers to compare pricing. Auto insurance rates often fluctuate so keeping an eye on this on a yearly basis is important.

Determine if you have not already done so, the coverage amounts needed for your vehicles which they can recommend. You can look at websites such as 360FinancialLiteracy.org that will list minimum coverage information; however, you need confirm with insurance company. Keep in mind that if you drive an older car you may opt for less coverage due to the car's value. Other items to consider:

- Gap Insurance
- Roadside Assistance
- Car Rental
- Collision and Comprehensive coverage deductible amount
- Miles driven to work and total miles each year
- Do not assign younger drivers to a specific car (if possible)
- Multicar discounts (two or more cars insured) and/or Homeownership policy discount (this is usually a 10% savings)
- General discounts, seat belt, alarm, college affiliation . . . ask what is available

Use the grid below to compare the insurance carriers. Note that you should be seeking the same coverage items for each policy that you compare meaning the liability coverage and deductibles in most cases are standard. So if you want a \$500 collision deductible ask for that quote for the all the companies that you speak to.

This is also a great exercise to speak to an adult about what is contained in their policies; however, as get used to speaking to a few carriers you'll get an understanding of the lingo.

Carrier	Premium	Term	In Full Discount	Car Rental	Roadside
AAA	\$1,400	6 months	Unlimited		

One have chosen your company run the 12-month budget exercise if you do not have a fixed payment else, then add this to your spreadsheet.