

Informed Consumer ...Insurance Made Easy

Helping you to save
money, become more
informed and cover
your fatal gaps



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"Special Report"

Auto Insurance Basics

By Tom Baecker
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Let's take a look at the SIMPLE basics of auto insurance. "In exchange for an auto insurance policy that provides a specific amount of coverage, you pay an insurance company a premium."

How much you pay in premiums is based on a combination of factors, including: "Read these carefully they effect your rates greatly at renewal!"

- * How much coverage you have (your limits)
- * What kind of coverage you have (full coverage or partial coverage)
- * How large a deductible you pay
- * Your driving record (tickets and accidents)
- * Theft and safety statistics of your automobile (expensive or dangerous cars)
- * Accident statistics in the area where you live (potentially high traffic areas)
- * How much you drive (miles you drive every year)
- * Other drivers on your policy (those teenage drivers)

Auto insurance companies generally bill you every six months or so in order to have premiums reflect their most recent claims expenses. You can usually arrange with your insurance company to make extended payments, such as every month, but breaking up your premiums into smaller payments is likely to add to the total cost of the premium, they will charge billing fees for this service.

States often require a minimum amount of insurance coverage for certain categories of auto insurance. For

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example, most states require some amount of liability insurance. Some states require uninsured and underinsured motorist insurance, while others require medical payments insurance.

You can often lower your premiums by limiting how much coverage you obtain or eliminating unnecessary coverage.

Insurance is the business of paying for the transfer of risk from you to the insurance company. Auto insurance companies will gladly cut you a break on your premiums if you share in the risk. One way to do this is to limit the maximum amount of liability the insurer will face if you are involved in a wreck.

Another way to share in the risk: Increase your deductible. Paying a higher deductible --- \$500 instead of \$250, for example -- means you pay more upfront when you file a claim. If you insist on a small deductible, expect to pay a larger premiums in the long run...It's just a fact of life dealing with insurance carriers.

Other ways to lower your premiums include buying a vehicle with a reputation for safety and low theft. You can also drive safely or even drive less. The fewer your opportunities for accidents, the less risk you are from an insurance company's point of view.

Auto insurance is regulated by state governments. Each state has its own insurance commission, which regulates rates and handles complaints. An insurer has to have a state license in order to sell insurance in that state. The main umbrella organization of state insurance commissions is the National Association of Insurance Commissioners.

Whatever your driving record or coverage needs, you should let an experienced insurance professional find the best deal for you. There are literally thousands and thousands of coverage options from hundreds and hundreds of insurance companies. In addition you also need to make sure you have all the coverage you want/need.

At Baecker Agency, Inc. we take a personal interest in our customers. We like to share information that comes to help you protect yourself and your family from financial loss. If you have any questions, regarding this information or your insurance coverage, please don't hesitate to give us a call at (651) 730-6666 or Email us at BaeckerAgency@Allstate.com.