

Forum: Insurance competition means drivers must shop carefully

Susan K. Scott

Drivers in the Merrimack Valley and throughout the state are prepared to rejoice.

For the first time in three decades, consumers will have the power to select different auto insurance products from any number of insurers now competing for business. Starting April 1, Massachusetts drivers can choose products from insurers who are free to set their own rates and offer many new products and discounts. The old adage holds true: When companies compete, the consumer wins.

It may sound like a simple exercise in shopping, but navigating this new sea of choices is no easy feat. Consumers need to ensure they not only get the best value for their premium but that their vehicles and other assets are well protected by the coverage they choose.

Before rushing to shop for a new auto policy, consumers need to take a minute to evaluate their situation. It's vital to take a thoughtful approach and understand how best to make an informed decision about selecting the appropriate auto insurance before randomly making a switch.

The value of an agent

The April 1 "deadline" does not mean that drivers must immediately start looking for new insurance providers. Instead, consumers should check with their current provider first to learn when their policy is up for renewal and determine if there is a penalty should they terminate the contract early.

Once someone decides to test the auto insurance waters, where does the search begin?

Consumers would be well served to turn to a trusted agent — someone familiar not only with the options available on the local market, but someone who has the patience and expertise to get to know you and the host of circumstances that may positively or negatively affect your insurance rates.

Further, consultative agents will ask the right questions and then counsel consumers on the best available choices for their specific financial circumstances, family situation and driving record.

Each insurance offering can differ drastically based on many variables, including driving record, types of vehicle, years of driving experience, number of at-fault accidents, number of vehicles on a policy and number of miles driven.

There are many new discounts and incentives as well under the new system. For instance, senior citizens will continue to enjoy a 25 percent discount from any insurer, and those using public transportation will continue to receive a public transportation discount. That discount promises to be particularly appealing to residents of the Merrimack Valley who have access to the commuter rail. In addition to these formerly available discounts, some carriers have added new ones, such as hybrid vehicle discounts or good student discounts.

One consumer might benefit from discounts for driving a hybrid vehicle, getting good grades or installing anti-theft systems, while others may find more economical policy discounts covering multiple vehicles within a large family. A local agent can serve as an invaluable guide in vetting these complex choices.

More changes to come

Moreover, the products and benefits available today aren't set in stone. April 1 will only be the starting point when it comes to insurance reform. Drivers should watch for new products and pricing models as the insurance industry continues to transition to a more consumer-oriented approach.

But let's not forget: Getting the lowest premium cost should not be the ultimate goal. It's extremely important while shopping and consulting with your trusted agent that the chosen coverage will adequately protect the customer's family and assets.

New insurance products and benefits are appealing and offer great discounts, but don't forget to ask an agent about the important cornerstones that make up a sufficient policy. Do I have rental coverage? Will towing costs be covered if my car breaks down in the middle of nowhere? Are the bodily injury coverage limits enough to protect me and my family by covering the medical costs if someone is seriously injured in an accident?

While insurance is something we all hope we never have to use, there is nothing worse than realizing after an accident that something you assumed was part of the policy wasn't included in the coverage you signed up for.

It's going to take some legwork and research to ensure consumers select proper coverage. Partnering with a local independent insurance agent could streamline the process. In the event of an accident, consumers will be glad they did their homework.

This is an exciting time for those in the insurance industry and for consumers alike. As this historic auto insurance reform takes effect, Massachusetts consumers should proceed with caution and partner with a reputable agent who can guide them through the ever-changing options at hand.

Susan K. Scott is senior vice president and general counsel for Travelers of Massachusetts. She served as acting commissioner of the Massachusetts Division of Insurance from 1990 to 1991.

><p>

Copyright © 1999-2008 cnhi, inc.