

\$2,000 for auto insurance - you have got to be kidding me

AardvarkCompare.com helps to explain why an auto quote may cost more than the car itself, and what you can do about it..

SACRAMENTO, CALIFORNIA, USA,
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\$2,000 for insurance - you have got to be kidding me?!!

Sticker shock is always distressing, but it can also be puzzling when it comes to your car insurance rates.

That's because many people simply don't have a clue as to what causes their rates to be so high. While rates can vary state to state, there's something else at play in the formula: credit scores.

Why does a low credit rating effect my car insurance?

Your credit score is used to show how likely you are to default on a loan, but what does that have to do with your auto insurance rates? You're not applying for a loan, and insurers aren't extending any credit, right?

Turns out a low credit score is associated with other "undesirable" behavior, too...not just defaulting on loans. Statistically speaking, insurers have discovered that people with low credit scores are also more likely to file a claim.

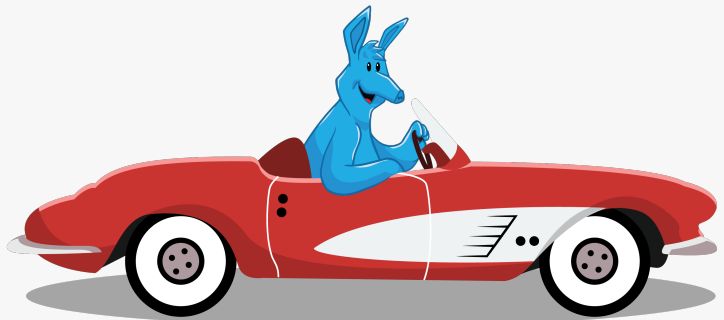
Insurance companies even have their own name for your credit score when it's used this way: your "insurance score".

Your insurance score can affect your rates more than anything else!

Consumer Reports did a study and discovered that among drivers, all else being pretty much the same, those with lower credit scores paid more for their auto insurance policies. Some paid a LOT more...up to \$526!

Now consider this: the drivers in that study didn't even have the worst possible credit scores. Their scores were "merely good".

Consumer Reports had one more surprising thing to say about how your credit score affects your auto insurance rate: it can have more of an impact than anything else!



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They cited an alarming example: let's say a single driver in Kansas gets a moving violation. As a result, his annual premium increases by \$122 (on average). But downgrade his credit score to "just good" and his rate jumps up by \$233. And that's with a perfect driving record!

Another sobering statistic from their study: a credit score that's considered "poor" might add as much as \$1,301 to the annual cost of car insurance for that same single driver in Kansas used in their study example. That's the average increase, not even the upper limit of increases!

Curious to know what your "insurance score" might be? Good luck- insurers aren't required to divulge that information, so most of them don't.

If your score is low, however, you can rest easy if you live California, Hawaii, or Massachusetts. As of this writing, those are the only three states that actually ban the use of credit scores when setting auto insurance rates.

When shopping around for your next auto insurance policy, keep in mind there are a lot of things to consider (like your credit score!). If you aren't quite sure you've mastered everything there is to know about buying car insurance, don't worry. We're here to help!

Try the www.AardvarkCompare.com comparison tool to find your best rates.

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