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### Is insurance worth the gamble?

Consumers seek ways to save

#### *From Staff and Wire Reports*

Looking for ways to tighten her spending, [Ella Black Couture](#) a year ago decreased the insurance coverage on a 2000 [Toyota](#) Solara she owned outright. By moving from comprehensive and collision to liability only, she saved \$70 a month.



In this photo taken Wednesday, June 3, 2009, Justin Gregonis, left, and wife Jaime Gregonis pose outside their home in Phoenix. After receiving a rate increase notice last year for policies on two automobiles and two homes, Gregonis decided to leave his current insurance provider and go with a cheaper company. Gregonis said he was able to get the same amount of coverage without changing his deductibles for a savings of about \$1,200 a year. (AP Photo/Ross D. Franklin)

It wasn't but a month later that an uninsured driver rear-ended her, causing \$4,000 in damage.

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## Insurance News

"My efforts to scale back came back to bite me on the butt," said Couture, an [Oklahoma](#) native who lives in [Houston](#). Instead of repairing her Toyota, she traded it for a 2007 [Volvo S-40](#) still under warranty.

This is the summer of the new frugality. Americans everywhere are clipping coupons, searching for freebies and finding all sorts of creative ways to save money. Saving money is chic; another way to impress the neighbors. But others are making far tougher choices that threaten to cost them far more than they save.

Reducing insurance coverage, whether it's a consumer or a small business making the cuts, does mean instant cost savings. But it's proving to be problematic for some people, leaving homes and businesses underinsured and their owners facing huge monetary losses should disaster or illness strike. It's also making families vulnerable to financial hardship because some are giving up their life insurance.

"The economy is prompting a lot of people to reassess or re-evaluate everything everywhere and they are looking to make sure they are getting the most for their money," said [Mark Gibson](#), assistant vice president of advertising for [State Farm Insurance Cos.](#) "Our industry is no different."

That creates something of a buyers' market. Many consumers are shopping around for the best price.

### Cost-saving policies

After receiving a rate increase notice last year for policies on two automobiles and two homes, [Justin Gregonis](#) decided to leave his current insurance provider and go with a cheaper company. Gregonis, of [Phoenix](#), said he was able to get the same amount of coverage without changing his deductibles for a savings of about \$1,200 a year.

"I was willing to go with whomever was going to get me the best rate and have the best coverages," he said. "Insurance in itself is just basically like playing the lottery. It's just a gamble, but you have to have it."

Consumers' willingness to abandon their insurers is making some companies work with customers to try to retain them.

Companies are introducing new discounts and lower priced products. But consumers must be wary of discounts and cautious with "cost-saving" policy changes, said [Curtis Moore](#) of [AAA Curtis Moore Insurance Company](#) in Bethany.

Since last fall, at least a quarter of his customers have called him about ways to lower their bills, Moore said. For some customers, he's raised deductibles to lower their monthly premium payments. But he doesn't allow customers to cut coverage without proper counsel.

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Moore recently got a new customer whose former agent allowed her to drop her liability coverage on her automobile insurance policy to the state minimum. She had an accident shortly afterward where she drove through a storefront and damaged paintings valued at \$400,000, he said.

"Boy, she was mad as hell at her agent," Moore said. As a rule, a driver's liability coverage should be at least as great as his net worth, he said.

Because Oklahoma homes typically rise in value, homeowners' insurance rates may rise up to 10 percent every year, as well as auto insurance due to the rising cost of mechanics' labor, Moore said.

"If people want to save, they have to shop around, and look at companies that offer more than one brand," he said.

Insurers don't release figures on how much their customers are reducing or ending their coverage. But according to an [Insurance Resource Council](#) survey that questioned 1,000 adult consumers by telephone in December, 28 percent with at least one vehicle shopped for lower auto insurance rates, while 9 percent said they had canceled or decided not to renew their auto coverage.

Five percent of homeowners surveyed said they had canceled or not renewed their homeowners insurance, as did 14 percent of renters.

"We expect consumers to be taking a lot of steps to reduce costs," said [David Corum](#), vice president of the Insurance Resource Council, an industry-supported research organization. "People are willing to take on more risk in tough economic times to save money, but when they do that, the outcome can be catastrophic."

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