

Five Ways to Lower Your Insurance Premium

The weather, the job market, when your child loses her first tooth—so many factors in life are completely beyond your control. How much you pay for your insurance premium doesn't have to be one of them.

To understand how insurance providers calculate premiums, let's start with understanding how insurance works. It's all about risk management. The insurance provider spreads the risk, knowing that something unexpected won't likely happen to everyone at the same time. The premiums being paid by many will help pay for the loss experienced by a few.

Insurance providers are experts at understanding the risk of insuring you and your lifestyle. Try looking at your life through their lens. You might be surprised at how much you can control.

Here are five ways you can think like an insurance provider and lower your insurance premium, pronto:

1. Buy it now.

That's right, the number one way to keep your insurance premium low is to buy the plan when you're young. And you're not getting any younger, unless you've discovered the fountain of youth. So consider your insurance options as soon as you can to ensure the lowest premium rate possible.

2. Break a sweat and eat right.

The healthier you are when you buy your plan, the lower your premium will be. Insurance providers look at factors such as whether you've been in a hospital lately or if you've recently gained or lost weight. Exercise and a healthy diet are lifestyle choices that can have a positive impact on your health and your premium.

3. Go tobacco-free.

As if you need another motivation to lay down the cigarettes, cigars, or chewing tobacco, here's another: insurance companies want to know of your tobacco consumption, because its use is one of the biggest lifestyle risk factors. Quit your tobacco use ASAP, and do it with support from a program and family and friends to increase your chances of success.

Whenever you're tempted to pick up just one more, think about the savings you'll enjoy—not only from not having to buy cigarettes or chew anymore, but from paying a lower insurance premium.

4. Put the brakes on bad driving.

Debating whether to cruise through the yellow light instead of slowing down?

Err on the side of caution, and not only will your blood pressure go down, but your insurance premiums might be lower, too. Insurance providers assess your driving record as yet another way to determine your risk profile. So relax, breathe, and observe the rules of the road. Your bank account—and other drivers—will thank you.

5. Choose your hobbies wisely.

Do you spend your spare time playing the violin or jumping from planes?

Be aware that insurance companies also consider your hobbies when determining your risk profile. Enjoy what you do, but think like an insurance provider when you consider the risks of your pastimes. It's true that you might get a sore back from holding up that fiddle, but it's more likely that you will meet an unexpected end by skydiving from 12,000 feet.

Insurance is one of the few things you buy, hoping to never have to use. Many factors determine the cost of that invaluable safety net.

By understanding how insurance companies think, you can lower your insurance premium—and lead a safer and healthier life in the process. Sounds like a pretty good deal.

If you don't have the insurance coverage you or your family need, don't delay—now is the time to buy.

