

How Do Car Insurance Deductibles Work and What Drivers Should Know About Them?

Compare-autoinsurance.org (<https://compare-autoinsurance.org/>) announces a new blog post, "What Are Car Insurance Deductibles and How Do They Work"

LOS ANGELES ([PRWEB](#)) August 19, 2021 -- Compare-autoinsurance.org has launched a new blog post that presents what drivers should know about [car insurance deductibles](#).

For more info and free car insurance quotes online, visit <https://compare-autoinsurance.org/what-are-car-insurance-deductibles-and-how-do-they-work/>

A car insurance deductible is the amount of money a policyholder pays out of pocket in the event of an accident or other claim. However, not every deductible is the same and there are plenty of options out there. There are pros and cons of a higher deductible with a lower premium, or of a lower deductible with a higher premium.

To better understand deductibles, drivers should know the following:

- What is a deductible? A car insurance deductible refers to the amount of money the policyholder is required to pay if he is in an accident or needs to file a claim. After the deductible is paid, the insurance policy kicks in to cover the rest.
- How do deductibles work? For example, if a policyholder chooses a deductible worth \$1,000, this means that amount will have to be paid towards an accident or claim before the insurance kicks in. Therefore, if the policyholder's claim amount is at \$7,500, the policyholder will have to pay the first \$1,000 and the insurance company will pay the remaining \$6,500. Choosing a higher deductible is a good way to save money on insurance premiums. Deductibles and premiums are generally inversely proportional, meaning that higher deductibles equal lower premiums, and lower deductibles equal higher premiums.
- How to choose a car insurance deductible? Before choosing a deductible, drivers should analyze several factors. Their driving record is one of the most important factors. The likelihood of being involved in a car crash can influence the amount of the deductible. If the policyholder is leasing the vehicle, then he will likely need to pay a deductible. Some leases and liens require a specific deductible, while others leave the policyholders with more options. The budget of each policyholder is also important. Some car owners can afford to pay a higher monthly premium in order to enjoy a lower deductible, while others can't do that and go for a higher deductible with lower premiums. Also, not all types of car insurance plans come with a deductible. The liability insurance doesn't require one. On the other hand, comprehensive coverage, collision coverage, and mechanical breakdown insurance require a deductible.
- Other deductible types. A less common type of deductible is the diminishing deductible, also called disappearing or vanishing deductible. This is an optional coverage that can be added to the vehicle's collision deductible to reduce the policyholder's out-of-pocket expenses if they are involved in a car crash. With a diminishing deductible option, the deductible is immediately decreased and continues to decrease substantially every term the policyholder remains accident-free. Depending on the starting deductible, this could mean reducing the deductible down to zero.

- When do drivers have to pay their car insurance deductible? The policyholder will have to pay the deductible whenever they file a claim with their insurers. If a policyholder gets involved in an accident that he did not cause, the other driver that caused the accident can pay for the damage suffered by the policyholder through their insurance company. However, if the policyholder has collision coverage, he has the option to file a claim at his insurer, pay the deductible, and seek reimbursement through the at-fault driver's insurance company through a process called subrogation. If the at-fault driver is uninsured, the policyholder will have to pay the deductible if they have uninsured/underinsured motorist coverage.

For additional info, money-saving tips, and free car insurance quotes, visit <https://compare-autoinsurance.org/>

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